

ASIA'S DIPLOMATIC AND SECURITY STRUCTURE: PLANNING U.S. ENGAGEMENT

HEARING BEFORE THE SUBCOMMITTEE ON ASIA AND THE PACIFIC OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS SECOND SESSION

MAY 23, 2018

Serial No. 115–152

Printed for the use of the Committee on Foreign Affairs



Available: <http://www.foreignaffairs.house.gov/>, <http://docs.house.gov/>,
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30–177PDF

WASHINGTON : 2018

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WEDNESDAY, MAY 23, 2018

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:33 p.m., in room 2200, Rayburn House Office Building, Hon. Ted Yoho (chairman of the subcommittee) presiding.

Mr. YOHO. Let the hearing come to order.

Good afternoon, and thank you for being here today, and sorry for the delay. Sometimes that voting schedule does get in the way.

Members present will be permitted to submit written statements to be included in the official hearing record. Without objection, the hearing record will remain open for 5 calendar days to allow statements, questions, and extraneous materials for the record subject to length limitations and the rules. And the witnesses' written statements will be entered into the hearing.

As my colleagues on the Asia-Pacific Subcommittee, the world's strategic and economic gravity is shifting eastward. Asia has already become the essential arena where the United States must compete to advance our economic interests and defend the American-led order that has underwritten global security and prosperity for decades.

Moreover, we need a game plan. The United States won't be a credible competitor in this high-stakes arena without a long-term national strategy, and that is one of the goals we are focusing on in this committee and the Foreign Affairs Committee is to help map a long-term strategy that doesn't change with each administration as easily as we have seen in the past so that we have a long-term vision.

Our main adversary in this competition, the People's Republic of China, is the master of generational strategies. When Xi Jinping came to power in 2012, China's Communist Party laid down two centenary goals, objectives for the 100th anniversary of the party in 2021 and the 100th anniversary of the PRC in 2049. Xi has followed this roadmap ever since.

It has been nearly 500 days since President Trump's inauguration. Over the last several months, his administration has begun to lay out a body of work containing a long-term national strategy for the United States with significant attention to the Asia-Pacific region. This committee has a role to play in the strategic planning

process, as I said earlier, which is why we have convened today's hearing.

In December, the White House released a new U.S. National Security Strategy that reflects a return to great power competition, acknowledging a U.S-China relationship that is fundamentally competitive. Taking up a more honest vision of China's regional global role, the National Security Strategy casts aside decades of wishful thinking. It says policies based on the assumption that engagement with rivals and their inclusion in the international institutions in global commerce would turn them into benign actors and trustworthy partners. Turned out to be false.

This view is an emerging consensus in and outside of government and across partisan lines. And I also would like to add that it is across different nations, because we are seeing this as other countries come in and talk to us, that they are saying the same thing. It will likely define Asia for years to come.

The administration has begun to lay out a free and open Indo-Pacific strategy specific to Asia, which emphasizes the strategic interconnection of the Western Pacific and the Indian Ocean. The strategy promotes nations' freedom from coercion and the ability to defend their sovereignty and freedom internally in terms of good governance, human rights, and fundamental liberties. It also promotes openness, freedom of the sea, peaceful dispute resolution, and open trade in investments.

These strategies go a long way toward defining a structure for U.S. engagement, a framework that our diplomats and the Armed Forces will operate within to advance not just U.S. national interests but those of our regional partners, and, you know, the alliances that we have. You know, a lot of people, you know, they think we have pivoted away from the Asia Pacific. Nothing could be further from the truth.

But this work is far from over. There have been scant details on how the executive branch will operationalize its strategy for Asia. It is still unclear what role emerging mechanisms like the Quad will play in our Indo-Pacific strategy. Questions remain about how the U.S. strategy will integrate with those of our close partners like India, which is a major pillar of the Indo-Pacific vision the administration has laid down. Some experts are concerned that such a strategy would marginalize ASEAN, which has always been a core component of U.S. engagement in Asia, and it will continue into the future.

Today, with the help of our expert panel, we will work toward some of these answers. We will discuss these strategies and their implication from an oversight perspective, and to inform our upcoming East and South Asia budget hearing with administration officials.

I thank the witnesses for being here today, and again apologize for the delay. And I now turn to our ranking member, Mr. Brad Sherman, from California.

[The prepared statement of Mr. Yoho follows:]

Asia's Diplomatic and Security Structure: Planning U.S. Engagement

Subcommittee on Asia and the Pacific

House Committee on Foreign Affairs

Wednesday, May 23, 2018

Opening Statement of Chairman Ted Yoho

Good afternoon...

As my colleagues on the Asia-Pacific Subcommittee know well, the world's strategic and economic gravity is shifting eastward. Asia has already become the essential arena where the United States must compete to advance our economic interests and defend the American-led order that has underwritten global security and prosperity for decades. Moreover, we need a game plan—the United States won't be a credible competitor in this high stakes arena without a long-term national strategy.

Our main adversary in this competition, the People's Republic of China, is the master of generational strategies. When Xi Jinping came to power in 2012, China's Communist Party laid down two "centenary goals," objectives for the 100th anniversary of the Party in 2021, and the 100th anniversary of the PRC in 2049. Xi has followed this road map ever since.

It's been nearly 500 days since President Trump's inauguration. Over the last several months, his administration has begun to lay out a body of work containing a long-term national strategy for the United States, with significant attention to the Asia-Pacific. This Committee has a role to play in this strategic planning process, which is why we've convened today's hearing.

In December, the White House released a new U.S. National Security Strategy that reflects a return to great power competition, acknowledging a U.S.-China relationship that is fundamentally competitive. Taking up a more honest vision of China's regional and global role, the National Security Strategy casts aside decades of wishful thinking.

It says, "policies based on the assumption that engagement with rivals and their inclusion in international institutions and global commerce would turn them into benign actors and trustworthy partners... turned out to be false." This view is an emerging consensus in and outside government, and across partisan lines. It will likely define Asia for years to come.

The administration has also begun to lay out a "Free and Open Indo-Pacific" strategy specific to Asia, which emphasizes the strategic interconnection of the Western Pacific and the Indian Ocean. The strategy promotes nations' freedom from coercion and ability to defend their sovereignty, and freedom internally in terms of good governance, human rights, and fundamental liberties. It also promotes openness—freedom of the seas, peaceful dispute resolution, and open trade and investment.

These strategies go a long way towards defining a structure for U.S. engagement, a framework that our diplomats and armed forces will operate within to advance U.S. national interests. But this work is far from over. There has been scant detail on how the executive branch will operationalize its strategy for Asia. It's still unclear what role emerging mechanisms like the Quad will play in our Indo-Pacific strategy. Questions remain about how the U.S. strategy will integrate with those of our close partners, like India, which is a major pillar of the Indo-Pacific vision the administration has laid down. Some experts are concerned that such a strategy would marginalize ASEAN, which has always been a core component of U.S. engagement in Asia.

Today, with the help of our expert panel, we'll work towards some of these answers. We'll discuss these strategies and their implications from an oversight perspective, and to inform our upcoming East and South Asia budget hearings with administration officials.

Mr. SHERMAN. This is a broad hearing with many things to discuss. I will mention a few.

As to democracy and human rights, we see strong democracies in Japan, Taiwan, Mongolia, South Korea, and India, yet Southeast Asia is lagging. In general, it has an average score from Freedom House of 4.8, halfway between the 1 and the 7, the 1 being the best. Burma's transition to democracy has now morphed into this terrible ethnic cleansing of the Rohingya with 600,000 refugees fleeing into Bangladesh. And China, hardly a democracy, oppresses its Uighur and Tibetan minorities, but more to the point—but even perhaps more significant—its government has no theoretical basis for its own legitimacy.

Democracy, you know, can be accepted as legitimate. Theocracy or monarchy, where there is a culture that accepts that, might explain why they are running things. Communism was a theology perhaps or a theocracy, but Xi is not the vanguard of the proletariat. So the only answer they have to the question as to why they are running things is because they have provided a high level of economic growth, and at some point they won't. And we will test to see whether the Chinese people accept the Communist Party that isn't a Communist Party but is in power because they are doing such a great job at running the economy when they are not doing a great job at running the economy. We will see what happens.

We see with India some \$15 billion of arms sales, and naval exercises. We see India developing its ties with Southeast Asia, but only 2 or 3 percent of Southeast Asia's trade is with India. And it would be good if India presses Southeast Asia to move in the direction of democracy, we are reviving the quadrilateral group involving the U.S., Japan, Australia, and India. And where it is conducting maritime patrols or where it is working for development and democracy, this could be a useful working group.

As to trade, we have a larger trade deficit with China in 2017 than 2016. We have conducted talks in which the other side has refused to commit itself to any quantifiable reduction in the trade deficit, and we have caved. There isn't a term for this that Beijing will understand. It is called paper tiger, and it describes an approach where you scream about a trade deficit and then settle for no change, except that we eliminate our sanctions or roll them back with regard to ZTE. So that on the one hand, the President says he is going to create a new coalition to bring Iran to its knees and force them to make concessions that President Obama couldn't even dream of or chose not to. And at the same time the message goes out to companies around the world we don't really impose sanctions on big companies, we will pick a few small ones now and then. And so Iran will be deprived of a few small trading partners.

There is one area where I think we need a more dovish approach, and that is the so-called islands. They are really islets, some of them rocks, off the coast of China, sometimes hundreds of miles off the coast of China. They are located off the shores of the most populated continent, yet for millennia, no one has ever chosen to live on them. That is how valuable they are.

It is said that whoever controlled these islets would stand astride major trade routes with trillions of trade. All of that trillions is in

and out of Chinese ports, so if China can control these islets, they could blockade their own ports. There are also some oil tankers that get close to some of these islets that could easily change their route and be far from these islets. So let us hope that neither in Beijing nor in Washington is a dispute over these islets a reason to fan the flames of war or fan the flames of increased military expenditure. We should work something out without allowing those in both countries that want to raise tensions to justify military expenditures to be successful.

With that, I yield back.

Mr. YOHO. Thank you.

Do you want to have an opening statement, Dr. Bera?

Mr. BERA. May I?

Mr. YOHO. Yes, sir, you can.

Mr. BERA. Thank you, Mr. Chairman.

Obviously, a very timely hearing. And, you know, I think both the chairman and the ranking member touched on a number of issues that are of key importance to the region. I am going to add one more.

When we think about some of the tensions in the South China Sea that continue and actually are escalating as you start to see the Chinese deploy missile systems on the Spratlys as they have had their first bomber landing on the Spratlys, and yet I know the administration has withdrawn their invitation to RIMPAC as a first step. What we can anticipate, you know, if we just think about how the Chinese respond, you know, if you give them an inch, they are going to ask for a foot, and then unfortunately we should have stopped them, you know, several years ago when it would have been less complicated.

At this juncture, though, we have to send a strong message that militarization of the South China Sea, you know, claiming disputed territories is not acceptable, and we're going to be very interested, and I think in a bipartisan way, Members of Congress would be very supportive of the administration continuing to send a strong message that, you know, we have to keep these waterways open. We do not, you know, accept China's claims that this is their territory, and we have to stand in partnership with the nations in that region, the Philippines, Vietnam, and others to send that strong message and keep those waterways open.

In addition, just, you know, sticking to kind of the maritime conversation, we are seeing that increased cooperation and partnership between the United States and India, and trilaterally or quadrilaterally with Japan, the United States, India, and Australia. And, you know, again, I think I speak for members of this committee—subcommittee as well as the full committee that we do think that from a strategic direction it is an incredibly important partnership, both bilaterally but also trilaterally and quadrilaterally, and certainly support continued movement and partnership in that direction. So I am very interested in hearing the witnesses' take on some of this.

So thank you, Mr. Chairman. I will yield back.

Mr. YOHO. Thank you, Dr. Bera. I appreciate it.

I am going to say something I say often. You are probably going to hear it more than once today. The world is going through a tectonic

shift in world powers we haven't seen since World War II. You know, we went through a World War II powers emerge from that, and we are going through that today in a different fashion. I am 63 years old, and I have not ever seen the type of rivalry that we have seen. And I think what it comes down to is countries that have free and open thinking and democracies and things like that versus socialism with Chinese characteristics, which China is proposing or out there promoting. They can call it whatever they want. It is still communism, and we are seeing these two forces come together. You have got democracies and you have got that forum that Xi Jinping and the Communist Party is promoting.

And so as you guys do your statements and the questions, that is where my focus is on how do we balance that to avoid conflict in the future, that we focus on economics, trade cultural exchanges and the advancement of all of us and not go into these conflicts that we have seen too much of.

And so with that, let me introduce our speakers: Dr. Amy Searight, the senior adviser and director of the Southeast Asia Program at the Center for Strategic and International Studies; Dr. Pande—did I say that right, Pande?—director of the Initiative on the Future of India and South Asia at the Hudson Institute; and Dr. Michael Swaine, senior fellow in the Asia Program at the Carnegie Endowment for International Peace.

I assume you all have testified before a committee before. You have got the little timer clock up there. Green light comes on when you have a lot of time. Yellow light is you start to slow down or finish. And then the red light. We are not crunched for time. I think you will be able to freely speak.

So if you would, Dr. Searight, give your testimony. Thank you.

STATEMENT OF AMY SEARIGHT, PH.D., SENIOR ADVISER AND DIRECTOR, SOUTHEAST ASIA PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Ms. SEARIGHT. Thank you, Chairman Yoho and Ranking Member Sherman. Thank you for inviting me to testify today on this really timely and important topic.

As the United States and much of the world really intensifies its focus on North Korea and resolving the tensions there, it is important for us to maintain a broader and long-term view on key regional dynamics that are shaping Asia's diplomatic and security structure in ways that will impact the United States and the region for years to come.

For countries in the Indo-Pacific, and in Southeast Asia in particular, this is a time of strategic flux and uncertainty. Many in the region are wondering if we are nearing an inflection point where Chinese engagement and influence will outstrip America's traditional leadership in the region. The United States has tremendous reserves of hard and soft power in the Indo-Pacific, but there is a growing sense that U.S. strategy and focus is adrift at a time when China is demonstrating laser-sharp focus on regional priorities. So as you said, Mr. Chairman, the United States really needs a game plan, a long-term strategy for the region.

Southeast Asia is at the crossroads of the Indo-Pacific. The countries in the region are critically important to the United States in

their own right, both in strategic and economic terms, but more broadly, the region of Southeast Asia represents the chessboard on which the great power rivalry between the United States and China is being contested.

China's efforts to win over friends in Southeast Asia and pacify ASEAN as a counterbalance to its own actions has been formidable. The United States has upped its game in Southeast Asia in recent years as well, leading to some substantial gains on security partnerships and capacity building, yet questions remain about U.S. commitment and staying power.

For the United States to craft a compelling and enduring strategy for the Indo-Pacific that resonates in Southeast Asia, we have to first consider the key priorities and concerns of countries in the region. And there are three I want to point to.

The first is their interest in managing great power rivalry. As the strategic environment of Southeast Asia and the broader Indo-Pacific grows increasingly contested, countries are seeking ways to both engage and hedge against closer ties with China, while not being forced to choose between China and the United States.

The second priority that we have to keep in mind is that in Southeast Asia economics remains paramount. For the governing elites of Southeast Asia, economics is the foundation of security. Whereas the United States has traditionally led regional efforts to foster economic openness and integration that has been critical to the region's economic success for decades, the U.S. withdrawal from the Trans-Pacific Partnership and the lack of a viable economic engagement strategy to replace it has created a strategic void at a time when China has been ramping up its highly ambitious Belt and Road Initiative.

The third priority for the region is ASEAN centrality. ASEAN has been the central driver of regional cooperation and stability among its Southeast Asia member nations for over half a century, and has developed a remarkable track record of averting conflict and coercion among its members and building trust and cooperation through dialogue and adherence to norms of noninterference and peaceful resolution of disputes. Southeast Asian countries put great stock into ASEAN and ASEAN centrality since they know that ASEAN-led mechanisms are the best way for the collective interests of these countries to be taken into account.

And here I also want to make the case for why ASEAN centrality matters for the United States. ASEAN-led frameworks from the ASEAN Regional Forum to the East Asia Summit to the ADMM-Plus provide a venue for the United States to work with like-minded partners to help define issues and shape regional goals and expectations. But ASEAN's primary value to U.S. strategic interests lies in its ability to shape the normative environment, and at times—at certain times, to a limited extent, speak with one voice.

The norms-based regional architecture that ASEAN has created remains critical to a strategy of promoting a rules-based order that imposes some degree of normative pressure on countries seeking to subvert collective norms, as China has sought to do in unilaterally changing the status quo in the South China Sea.

In my written testimony, I discuss at some length the reasons why the conception of the Indo-Pacific is a welcome shift in our

geostrategic framing of the region because it highlights the important maritime challenges that have come to the fore as key priorities for the United States and our partners in the region, and it also highlights the increasingly important role that India is playing in the regional security order. But since my time is short, let me turn to the Trump administration's free and open Pacific strategy. And in particular, I want to point to two shortcomings in the strategy and the way it has been rolled out from the perspective of Southeast Asia.

The first is the heavy security focus without a parallel economic approach. Most Southeast Asian countries welcome security cooperation with the United States, but they grow nervous about a United States that only appears engaged on the security front. The U.S. withdrawal from TPP sent shock waves across the region, and offering to replace TPP with a set of bilateral trade agreements premised on the notion that the primary goal is to erase bilateral trade deficits with the United States holds little appeal for countries in Southeast Asia.

The second problem has been the conflation of the free and open Indo-Pacific with the Quad. The Quad met as a grouping for the first time in over a decade at the assistant secretary level on the sidelines of the East Asia Summit days after President Trump rolled out his free and open Indo-Pacific vision in his Da Nang APEC speech. The news media latched on to this development and overhyped the significance of the meeting.

To be clear, I think that the Quad is a useful framework that holds long-term strategic potential and should be encouraged, but it will take some time before the Quad amounts to much in the way of substantive cooperation and strategic significance. It is still in its very early days. So all of the talk of the Quad has crowded out discussion of the role of Southeast Asia in a free and open Indo-Pacific and—in a free and open Indo-Pacific strategy.

There has been no clear message of how Southeast Asia fits into this vision that has been conveyed to the region. This has led many to question whether the quad is the preferred strategic framework for the Trump administration and whether it will displace ASEAN unity.

[The prepared statement of Ms. Searight follows:]



**Statement Before the
House Foreign Affairs
Subcommittee on Asia and the Pacific**

***"Asia's Diplomatic and Security Structure:
Planning U.S. Engagement"***

A Testimony by:

Amy Searight

Senior Adviser and Director, Southeast Asia Program
Center for Strategic and International Studies

May 23, 2018

2200 Rayburn House Office Building

Thank you for inviting me to testify on this important and timely topic. As the United States and much of the world intensifies their focus on resolving tensions with North Korea over its nuclear program, it is important to maintain a broader and long-term view on key regional dynamics that are shaping Asia's diplomatic and security structure in ways that will impact the United States and the region for years to come.

For countries in the Indo-Pacific and in Southeast Asia in particular, this is a time of strategic flux and uncertainty. Many in the region are wondering if we are nearing an inflection point where Chinese engagement and influence will outstrip America's traditional leadership in the region. The United States' hard and soft power remains formidable in the Indo-Pacific region, but there is a growing sense that U.S. strategy and focus is adrift, at a time when China is demonstrating laser-sharp focus on regional priorities. U.S. security and economic ties to the region remain very strong, and the values of democracy, good governance, and human rights continue to resonate across Southeast Asia, as the incredible democratic election results in Malaysia affirm. But U.S. engagement has been lacking, especially on the economic front, a point to which I will return below.

Southeast Asia is at the crossroads of the Indo-Pacific. At the very heart of Southeast Asia lies the South China Sea, which connects the Indian and Pacific oceans, and thus provides the lynchpin for the commercial, diplomatic, energy and security interdependencies that arise from this maritime nexus. The countries in the region are critically important to the United States in their own right. The ten economies of the Association of Southeast Asian Nations (ASEAN) collectively form what is now the 5th largest economy in the world, and the region's 635 million people represent the world's 3rd largest market, behind only China and India. ASEAN is the 4th largest export market for the United States, behind Canada, Mexico, and China, and is the largest destination for U.S. investment in Asia, hosting more U.S. direct investment than China, Japan, and India combined. Five of the ten ASEAN countries are home to populations larger than 50 million, and more than half the population in the region is under 30 years of age. The region also includes the largest Muslim majority democracy in the world (Indonesia), and two U.S. treaty allies (Thailand and the Philippines), along with increasingly important security partnerships (Singapore, Vietnam, Indonesia and Malaysia).

The economic and strategic significance of Southeast Asia to the United States is compelling on its own terms. But Southeast Asia also represents the chess board on which the great power rivalry between the United States and China is being contested. China's efforts to win over friends in Southeast Asia and pacify ASEAN as a counterbalance to its geostrategic efforts have been formidable. The United States has upped its game in Southeast Asia in recent years as well, leading to some substantial gains on security partnerships and capacity building efforts. And while the region itself welcomes the United States to play a balancing role and clearly does not want a Pax Sinica to emerge, it questions U.S. commitment and staying power.

Southeast Asia priorities

For the United States to craft a compelling and enduring strategy for the Indo-Pacific that resonates with our key partners in Southeast Asia, we first have to consider the key concerns and priorities of countries in the region. There are three main priorities:

1. *Manage great power rivalry.* As the strategic environment of Southeast Asia and the broader Indo-Pacific grows increasingly contested, countries are seeking ways to both engage and hedge against closer ties with China, while not being forced to choose between close relations with China and the United States. On the one hand, Southeast Asian countries have real concerns about China on both the strategic and economic front. They benefit from China's economic rise and growing trade and investment linkages with China, but they are concerned about the political strings that often come attached to these linkages. They are also concerned about China's militarization of the South China Sea and its willingness to blatantly disregard international law on issues related to maritime disputes. They are looking for tools and options to manage these downside risks while continuing to benefit from economic linkages. The United States can provide these options and tools through closer security and economic ties, capacity building, and vocal support for good governance, rule of law and democracy. Southeast Asia is increasingly looking to other partners as well, including Japan, Australia, India, and South Korea, to provide options and maneuverability in this increasingly contested space.
2. *Economics remain paramount.* Despite growing security concerns related to maritime disputes in the South China Sea, China's rapid military modernization, and its willingness to resort to coercion to achieve its aims, countries in Southeast Asia remain wedded to an economics-first approach to diplomatic and political relations. This is a region where relatively high economic growth has fed the legitimacy and longevity of many governments, and the rulers and the developmental states they have built remain focused on delivering the economic goods to the populace. As these countries have pursued a strategy of relative economic openness and forging commercial ties that have embedded them in regional production networks, they have become not only more prosperous but more secure, politically and strategically. For most Southeast Asian governing elites, therefore, economics is the foundation of security. Whereas the United States has traditionally led regional efforts to foster this economic openness and integration through rule-making, trade negotiations and consensus-building in APEC, the U.S. withdrawal from the Trans Pacific Partnership and lack of a viable economic engagement strategy has created a strategic void, at a time when China has been ramping up its highly ambitious Belt and Road initiative.
3. *ASEAN centrality.* ASEAN has been the central driver of regional cooperation and stability among its Southeast Asian member nations for over 50 years. ASEAN has a remarkable track record of averting conflict and coercion among its members, and building trust and cooperation through dialogue and adherence to norms of non-interference and peaceful resolution of disputes. ASEAN's origins as a non-aligned block of countries and its normative underpinnings have provided a useful foundation for engaging regional powers and helping to manage great power rivalries and tensions that threaten to divide the region

and disrupt economic growth and regional stability. Since the Cold War, ASEAN has played a central role in the regional security architecture by leading the formation of multilateral frameworks that engage key regional partners, including the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), and the ASEAN Defense Ministers Ministerial Plus (ADMM Plus). Southeast Asian countries put great stock in ASEAN, since they know that ASEAN-led mechanisms are the best way for the collective interests of these countries to be taken into account.

Why ASEAN centrality matters for the United States

It's important to note here why ASEAN centrality also matters for the United States. ASEAN-led frameworks, from the ASEAN Regional Forum to the East Asian Summit to the ADMM-Plus, provide a venue for the United States to work with like-minded partners to help define issues and shape regional goals and expectations. Meeting with ten-member countries and the "plus" countries at one set of meetings, both multilaterally and in bilateral discussions on the margins, creates diplomatic economies of scale – it is much more efficient to engage many countries at once, and seek a common approach to an issue. As Secretary Mattis put it in his Shangri La remarks last year, "a stable region requires us all to work together, and that is why we support greater engagement with ASEAN. Because no single bilateral relationship can get us where we want to go. Only working in concert can take us forward."

But ASEAN's primary value to U.S. strategic interests lies in its ability to shape the normative environment and, at certain times to a limited extent, speak with one voice. It is viewed as a benign player and neutral arbiter that can confer legitimacy on regional developments. Unfortunately, ASEAN's recent difficulties in maintaining unity on key issues has undercut its ability to drive the regional agenda and steer outcomes. Yet ASEAN remains highly relevant, and greatly beneficial to U.S. interests. ASEAN's propeller may be damaged, yet it continues to provide critical ballast that helps counter Chinese assertiveness and maintain stability in an increasingly competitive strategic environment.

ASEAN has developed and promoted norms that have shaped regional expectations of behavior and have become increasingly embedded in the regional architecture over time. On the economic side, ASEAN has embraced and promoted "open regionalism," encouraging governments to maintain relative openness to investment and commerce which has been a key to the region's economic success. In the security realm, ASEAN has promoted norms of non-coercion, mutual respect, and emphasis on dialogue as a means to build trust and resolve disputes. These regional frameworks have been critical to a strategy of promoting a rules-based order that imposes some degree of normative pressure on countries seeking to subvert collective norms, as China has sought to do in seeking to unilaterally change the status quo South China Sea.

The Indo-Pacific: A Geostrategic Framing whose time has come

The regional construct of the Indo-Pacific has been growing in use among strategic thinkers in many countries, notably Australia, Japan, Indonesia, the United States, and India, as it has become more and more apparent that the Indian Ocean Region and the Asia Pacific are bound together by a number of strategic interdependencies that merit a holistic approach to strategy formulation and policy making. This new regional framing is a welcome shift in spatial and functional conception that has several advantages for U.S. strategy.

The first is the inclusion of India as a strategic focus. India is an important maritime democracy that has long been a net security provider in the Indian Ocean Region, but it has increasingly turned its strategic focus to East Asia, moving from a “Look East” to an “Act East” policy of more active engagement in East Asia security affairs. Although India still has a way to go to live up to its potential as a strategic and economic partner for Southeast Asia, it has forged much stronger strategic ties with many countries in the region including the United States, Japan, Australia, and Vietnam. India has also embraced ASEAN centrality and participates in the EAS and ADMM Plus. Prime Minister Modi hosted the ten ASEAN leaders for the first Indian-ASEAN summit earlier this year, and he will give keynote remarks at the Shangri La security dialogue in Singapore early next month. India’s growing voice in regional security dialogues is a welcome development, since it vocally supports principles such as freedom of navigation and deep respect for international law.

The second advantage of the Indo-Pacific framing is that it naturally focuses attention on the maritime domain. The concept points to the confluence of the Indian and Pacific oceans, including through critical waterways like the South China Sea, the importance of the linkages that arise from this maritime connectivity - the flows of commerce and energy that are the lifeblood of the region, and the vital need to secure sea lanes of communication to enable these flows. This shift to a more maritime focus is useful because it sharpens attention on the key issues that are current priorities for the United States and its allies and friends in the region, including concerns over Chinese maritime coercion in the South and East China Seas, managing maritime territorial disputes, and building maritime security capabilities of littoral states so that they can monitor and police their territorial waters.

The third conceptual shift in the Indo-Pacific framing is perhaps less helpful, which is a shift from an economic lens to a much more heavily security focus. Decades ago, an earlier regional conception of the “Pacific Rim” highlighted the economic linkages across the Pacific, and gave rise to regional dialogues on economic cooperation and openness that culminated in the launch of the Asia Pacific Economic Cooperation forum (APEC). The Pacific Rim was replaced with Asia-Pacific, but the focus remained heavily on economic cooperation. APEC has fostered “open regionalism” norms and helped germinate the Trans Pacific Partnership (TPP) negotiations, which held the promise of elevating the economic landscape of the Asia-Pacific into a more open, dynamic, and rules based economic order. The shift to an Indo-Pacific conception leads to an overwhelming focus on security issues, especially maritime security. In part this is due to the fact

that there is no regional architecture to support an Indo-Pacific wide economic dialogue. APEC does not include India, and this is for good reason – India has not yet demonstrated that it is ready to be a constructive partner on trade and investment liberalization in a consensus-based forum like APEC. As I argued above, the shift to a maritime security focus is helpful in that it mirrors the key challenges and priorities of the United States and its allies and partners in the region. The downside, however, is that it opens the door to a less balanced approach to regional strategy that over-emphasizes the security dimension while giving short shrift to economic engagement, which remains a top priority for Southeast Asia.

The Trump Administration's "Free and Open Indo-Pacific" strategy

Six months after President Trump rolled out the “free and open Indo-Pacific” vision in his speech at the APEC summit in Danang, Vietnam, it is fair to ask how effective the administration has been in articulating this vision to the region and devising a strategy for advancing its goals.

Let me point to two main shortcomings in the rollout of this strategy, with respect to how it is perceived in Southeast Asia. The first is the heavy security focus without a parallel economic approach. Most Southeast Asian countries welcome security cooperation with the United States, but they grow nervous about a United States that only appears engaged on the security front. Even the Rebalance under President Obama was widely criticized for being overly security focused, until the TPP negotiations gained momentum. The U.S. withdrawal from TPP sent shockwaves across the region, since it was the first time that the United States had backed away from leadership on serious economic liberalization efforts in the region. Offering to replace TPP with bilateral trade agreements, premised on the notion that the primary goal is to erase bilateral trade deficits with the United States, does not look like “free and open” trade and holds little appeal for countries in Southeast Asia. Countries are looking for options to balance and hedge against economic engagement with China and their massively ambitious Belt and Road initiative, but despite some talk about “predatory economics,” the administration has not yet offered a compelling vision for how U.S. economic partnership can help countries flourish economically while maintaining strategic autonomy.

The second problem has been the conflation of the “free and open Indo-Pacific” with the Quad. The emphasis on India as part of the strategic framing, as one of the “maritime democratic bookends” to the Indo-Pacific region, has contributed to the over-hyping of the one “new” element of the strategy, which is the resurrection of the Quad – namely cooperation between India, Australia, Japan, and the United States. The Quad met as a grouping for the first time in over a decade at the Assistant Secretary level on the sidelines of the EAS, days after President Trump’s “free and open Indo-Pacific” rollout speech. The news media latched on to this development and overestimated the significance of this meeting. To be clear, the Quad is a useful framework that holds long-term strategic potential, and should be encouraged. But it will take some time before the Quad amounts to much in the way of substantive cooperation and strategic significance. It is

still in the very early days, with no guarantee that all four countries will want to continue regular and high-level engagement. In the meantime, all of the talk of the Quad has crowded out discussion of the role of Southeast Asia in a “free and open Indo-Pacific” strategy. President Trump made no mention of ASEAN or ASEAN centrality in his Danang speech. It was helpful that he convened a U.S.-ASEAN summit in Manila, but no clear messages of how Southeast Asia fits into his vision has been conveyed to the region. This has led many to question whether the Quad is the preferred strategic framework for the Trump administration, and whether it will displace ASEAN centrality. When Singapore’s Foreign Minister Vivian Balakrishnan was asked last week if Singapore would consider joining the Quad, he replied that too many questions remain about the substance of the Quad to consider joining, included whether ASEAN would remain central to the region’s architecture, and whether it would sufficiently promote multilateralism and the rule of law.

Recommendations

1. Articulate a vision of a free and open rules-based order in the Indo-Pacific that puts Southeast Asia at the geographic and diplomatic center, embraces ASEAN centrality, and articulates how better resourced security cooperation will lead to a more stable, prosperous, and rules-based regional order.
2. Encourage President Trump to invite the ten ASEAN leaders to a summit to build on the gains of Sunnylands and give momentum to U.S. capacity building efforts with ASEAN.
3. Encourage President Trump to participate in the East Asian Summit in Singapore this November, and advocate for high-level engagement by the administration in multilateral meetings in the region.
4. Revisit the Trans Pacific Partnership and consider re-joining. The TPP, now renamed the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP), remains a potent vehicle for market opening and high standard rule-making, in particular in areas of digital trade that will enormously benefit American firms. It also continues to drive regional economic strategies, as seen by officials from both Indonesia and Thailand indicating interest in joining the pact. Rejoining the TPP would benefit U.S. economic interests, and catapult the United States back into a leadership position on trade and investment that has been sorely missed in the region.
5. Extend and expand the Maritime Security Initiative (MSI). Launched in 2016 with a five-year time horizon, MSI authorizes DoD to engage in capacity building efforts to increase maritime domain awareness, information sharing, and maritime security capabilities in key littoral states adjacent to the South China Sea. MSI is a worthy effort to help our littoral partners in their ability to monitor and police their territorial waters and thus resist encroachment and coercion. It also encourages them to share information and work more effectively together in the maritime domain. However, these capacity building efforts take a

long time to bear meaningful results. Congress should consider extending MSI authorities beyond 2020, and expand the scope of coverage to include countries in the Indian Ocean such as Sri Lanka and Bangladesh.

Mr. YOHO. Okay. Thank you, ma'am. I appreciate it.
Dr. Pande.

**STATEMENT OF APARNA PANDE, PH.D., DIRECTOR, INITIATIVE
ON THE FUTURE OF INDIA AND SOUTH ASIA, THE HUDSON
INSTITUTE**

Ms. PANDE. Good afternoon, Mr. Chairman and Ranking Member—

Mr. YOHO. Turn your mic on.

Ms. PANDE. Okay. Sorry.

Good afternoon, Mr. Chairman, Ranking Member. I would like to thank you for inviting me to speak here today.

American grand strategy for Asia and the Pacific, since the end of the second World War, has centered on creating an Asian diplomatic and security architecture that ensured stability and security in the region. American preeminence ensured the rules-based order, which opposed notions of ideological dominance or arbitrary assertions of territorial claims and disputes. The post-World War Asian security structure has rested on American economic and military might, combined with a network of partners and allies across the region.

The economic and military rise of China over the last two decades poses a challenge to American preeminence. China is gradually creating a new Asian order with Chinese primacy at its heart. U.S. strategy needs to be one of renewed engagement with its partners and allies across the region—India, Japan, Southeast Asia—to construct a configuration that will be able to counter the Chinese march.

Currently, China's economic and military rise faces no structured challenge. Japan's military role is inhibited by its constitution, while many in Australia and the United States have, for years, assumed China to be a benign power and have invested in an economic relationship favoring their potential challenger.

Among Asian countries, India has consistently viewed China's expanding influence with suspicion. This is partly a function of historical experience. India had engaged Communist China as an Asian brother from 1949 to 1962, only to become victim of its military aggression over a border dispute. Since 1962, India has noted China's efforts to build close ties with countries on India's periphery, thereby trying to possibly encircle India, as well as China's efforts, to lay the groundwork for military and naval bases throughout the Indian Ocean.

With a population of more than one billion, India is also the country with sufficient manpower to match that of China. Thus, India would have to be central to any security architecture designed to contain China or aimed at ensuring that China does not transform its considerable economic clout into threatening military muscle in the Asia Pacific.

India's growing economic and security relationships and interest in the Indo-Pacific region are aligned with its deepening partnership with the United States. However, India is different from traditional American allies, whether in Europe, Latin America, or Asia, for whom the United States was the key security provider.

India wants to maintain its own security capabilities, does not wish to become a burden on the American taxpayer. It seeks a relationship that helps build India's resources and capabilities so that India can play a bigger role in the Indo-Pacific.

U.S. policy toward the Indo-Pacific would, therefore, benefit by bearing the following in mind: India would never want a relationship of dependence or one in which the U.S. has to incur all costs. Treating India as a country critical to U.S. interests, the United States could think about a special partnership with India, whereby India could be exempt from many of the export control regulations that govern military sales. Thus, India would be able to deliver military capabilities without adding to America's burden of cost. Any attempts to balance ties between India and other South Asian states should be abandoned to enhance India's capacity to confront China.

On the economic front, both India and the U.S. would benefit if U.S. trade policies were adjusted to enable the rise of India as a strategic competitor to China. Any short-term loss in dollars and cents would be offset by the immense benefit to the U.S. of having a major, 1-billion strong nation standing by its side to ensure that China and its closed system do not emerge dominant in the Asia Pacific for years to come.

Thank you.

[The prepared statement of Ms. Pande follows:]

**Testimony of Dr. Aparna Pande, Director, Initiative on The Future of India and South Asia,
Hudson Institute on “Asia’s Diplomatic and Security Structure: Planning US Engagement”**

Subcommittee on Asia the Pacific
House Committee on Foreign Affairs

May 23, 2018, 2 pm

American grand strategy for Asia and the Pacific, since the end of the Second World War, has centered on creating an Asian diplomatic and security architecture that ensured stability and security in the region. American preeminence ensured a rules-based order, which opposed notions of ideological dominance (such as the rise of communism) or arbitrary assertions of territorial claims and disputes (such as that relating to the status of Taiwan.) The post-World War Asian security structure has rested on American economic and military might, combined with a network of partners and allies across the region.

The economic and military rise of China over the last two decades poses a challenge to American pre-eminence. China is gradually creating a new Asian order with Chinese primacy at its heart. U.S. strategy needs to be one of renewed engagement with its partners and allies across the region --India, Japan and South East Asia-- to construct a configuration that will be able to counter the Chinese march. Currently, China’s economic and military rise faces no structured challenge. Japan’s military role is inhibited by its Constitution while many in Australia and the United States have, for years, assumed China to be a benign power and have invested in an economic relationship favoring their potential challenger.

Among Asian countries, India has consistently viewed China’s expanding influence with suspicion. This is partly a function of historical experience. India had engaged Communist China as an Asian brother from 1949 to 1962, only to become victim of its military aggression over a border dispute. Since 1962, India has noted China’s efforts to build close ties with countries on India’s periphery, thereby trying to possibly encircle it, as well as its efforts to lay the groundwork for military and naval bases throughout the Indian Ocean.

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India’s foreign policy

Indian leaders have always seen their country as one that will play a role on the global stage but primarily in Asia. The belief in India as an Asian leader and an example to Asia has been deeply ingrained in Indian thinking for centuries.

Immediately after independence, however, India's policy makers while desirous of playing a role on the global stage, chose not to join either of two Cold War blocs adopting instead the policy of nonalignment. For decades India also remained bogged down in India's immediate vicinity, dealing with security challenges, first from Pakistan and later from China. Slow economic growth also impeded India's greater role on the world stage and resulted in an inward orientation for more than four decades.

It is only from the 1990s with the end of the Cold War, economic liberalization within and changing global situation that New Delhi started to rebuild relations with countries in Asia especially the Indo-Pacific. In recent years India's economic growth and military modernization have led to rising ambitions in international politics as well as a new set of more prominent security concerns for New Delhi, namely the deepening presence of China in India's backyard.

India's antagonistic relationship with China – its northern neighbor and rival for leadership in Asia- dates back decades but it is the not-so-peaceful rise of China that lies at the core of what is happening today. After building its economic and military potential China has over the decades encroached in a region that India has always considered its sphere of influence: South Asia and the Indian Ocean region.

Delhi has long sought to compartmentalize its disputes with all its neighbors, hoping that economic ties and people to people relations will over time build trust that will help resolve any pending border disputes. From the 1990s India and China sought to build people to people ties and economic relations and allow the border issue to remain on the backburner. Today China is one of India's top economic partners and the two countries do collaborate globally on issues like climate change and in the World Trade Organization (WTO).

While it has worked with some of its immediate smaller South Asian neighbors this policy will not necessarily work with China. China used the last four decades of peace with India to create its economic miracle and modernize its military. India's economy has, however, not grown consistently at double digits (which is critical) and its military modernization is decades behind what it should be.

India and the Chinese Challenge

Since 1989, China's annual GDP (gross domestic product) growth rate has averaged almost 10 percent. Over the same period, India's growth rate averaged half that (5.5 percent during the 1990s and early 2000s and around 7 percent over the last decade). China is an USD 11 trillion economy while India is an USD 2.3 trillion economy. In 2018 China's military budget of USD 175 billion is significantly larger than India's military budget of USD 45 billion.¹

India's immediate neighborhood of South Asia has always been India's first line of security but for decades India's policy was simply to presume that this was India's sphere of influence and

¹ All Data is World Bank Data taken from <https://data.worldbank.org/>

India's neighbors would accept that 'Delhi knows best.' Growing Chinese presence, however, have made Indian leaders aware that managing a sphere of influence is not only a function of telling others what to do but being able to expend resources that deny space to competitors.

Knowing that all of Delhi's smaller South Asian neighbors bear a latent resentment against Indian predominance in the region -- a function of the circumstances under which several countries emerged from a unified India under colonial rule -- Beijing has always used the India-card in its relations with these countries. India, on the other hand, has been impeded by its inability to allocate resources comparable to those of China in India's immediate neighborhood.

While the majority of India's developmental assistance (over 85 percent) is provided to its immediate neighbors in South Asia, India has never expended enough to compete with China's assistance programs. Further, India's ability to deliver projects on time has also been hurt by complacency, bureaucratic negligence, and political indifference.

China's deep strategic and economic relationship with Pakistan exemplified in the China Pakistan Economic Corridor (or CPEC), China's assistance to Sri Lanka, Bangladesh and Nepal, China's attempts to create friction between India and Bhutan and finally Chinese actions in Maldives are all seen by India as impinging on India's sovereignty and security. Indian leaders have always resented the presence of any external power in the region unless that power accepted Indian predominance. Beijing's refusal to do so has repeatedly irked New Delhi.

China's rise has forced New Delhi to take a more active stance in containing its rival. Indian analysts have always viewed China's policy as one of strategic encirclement, often called the string of pearls theory, one designed to give the PLA (Peoples Liberation Army) an advantage in a potential conflict, and more leverage in negotiations over disputes.

New Delhi is wary of Chinese bases and ports especially in the Indian Ocean from Hambantota in Sri Lanka to Gwadar and Jiwani in Pakistan on the Persian Gulf, as well as potential bases in the Maldives and in Djibouti in the Horn of Africa. New Delhi views the One Belt One Road (OBOR) or the Belt and Road Initiative (BRI) as a continuation of China's planned encirclement of India.

In Pakistan alone, China has financed over USD 46 billion dollars of development projects. Through a combination of readily available low-interest loans, gifts to those in power, as well as generous clearance of unpaid debts, Beijing has thus created a strategic network across large parts of Asia and even Africa and Latin America. In some cases, the huge quantum of lending seems designed to lure nations into a debt trap, leaving them beholden to China for years to come.

China has over the last two decades also deepened its activities in the Indian Ocean by building military bases, securing access to ports and islands and even sent its submarines into a region that India sees as its sphere of influence. Since 2012, Chinese submarines have been sighted on

an average of four times every three months in the Indian Ocean region and in 2016 a Chinese submarine called at the Pakistani port of Karachi, just off India's coast.²

India may have been slow initially to respond to Chinese presence but is finally deploying its capabilities and resources. In early May 2018, for the first time since the Second World War, India has decided to station fighter planes in the Andaman & Nicobar Islands with the aim being to strengthen India's hold over the crucial Malacca, Sunda, and Lombok Straits and the Straits of Ombai Wetar and the eastern Indian Ocean Region.

For some years, Delhi had contemplated leveraging these strategically located island chains as its line of defense against China. Air bases in Car Nicobar and Campbell Bay have also been identified as bases for these fighter planes. The Indian Navy has positioned warships in the region and also built two floating docks to repair and refurbish warships. Delhi also plans to allow tri-service command to the Commander in Chief of Andaman and Nicobar Command (CINCAN) so that he can exercise direct control over all assets and men including those of the Indian Air Force and the Indian Army.

India, ASEAN, and the Indo Pacific

In January 2018 on the eve of India's Republic Day – when for the first time India hosted the leaders of all ten ASEAN states as chief guests at the event – Prime Minister Narendra Modi wrote in an OpEd “Indians have always looked East to see the nurturing sunrise and the light of opportunities. Now, as before, the East, or the Indo-Pacific region, will be indispensable to India's future and our common destiny.”³

India's historical and civilizational ties with South East Asia date back centuries reflected in centuries of trade ties, spread of Hinduism and Buddhism from the Indian subcontinent and an ancient Indian empire that extended its presence to South East Asia (the Chola Empire). However, it is only from the 1990s that India adopted its 'Look East' policy, aimed at building closer economic ties with the region, and only in the last decade that a security dimension has been added to this relationship.

Reflective of this 'Act East' policy India's trade with the region stands at USD 76 billion with India being a member of the proposed RCEP (Regional Comprehensive Economic Partnership) free trade agreement. India has also deepened partnerships with South East Asian countries aimed at bolstering their defense capabilities and making them strategically useful partners.

² 'China docked nuclear submarine in Karachi harbor,' <https://www.deccanchronicle.com/nation/current-affairs/060117/china-docked-advanced-nuclear-submarine-in-karachi-harbour-report.html>

³ 'Modi's OpEd published in 27 ASEAN newspapers in 10 languages' <http://indianexpress.com/article/india/indo-asean-bonhomie-pm-modis-op-ed-published-in-27-asean-newspapers-in-10-languages-5040122/>

In 2015, India and Singapore signed defense cooperation and strategic partnership agreements. The Indian armed forces helped build the capacity of their Vietnamese counterparts and in February 2017 the two sides held discussions on the sale of Surface-to-Air Akash and supersonic Brahmos missiles. New Delhi has provided over USD 500 million in credit to Vietnam to modernize their armed forces and since 2016 India has trained Vietnamese navy submariners at its naval training school.

The Malacca straits are critical for India, as they are for China, with almost 40 percent of India's trade passing through these straits. In mid-May 2018, Indonesia and India signed an agreement as part of which Indonesia has given India access to the strategically located island of Sabang, at the northern tip of Sumatra and less than 300 miles from the Malacca Straits. India will invest in the dual-use port and economic zone of Sabang and also build a hospital. Indian naval ships will also visit the port which is deep enough even for submarines.

New Delhi has also boosted relations with the Pacific Islands, again a region with which India shares civilizational ties and a large Indian diaspora. Since 2014, there have been annual conferences of the Forum for India Pacific Islands Cooperation either in India or in the region itself and New Delhi has offered massive assistance including annual Grant-in-Aid to each of the 14 Pacific countries ranging from USD 125,000 to 200,000. India has also set up a fund for adapting to climate change, capacity building of coastal surveillance systems and technical training and educational fellowships.

In the Indian Ocean region, India has deepened relations with island nations like Seychelles, Maldives and, Mauritius as well as with strategically located countries like Oman and UAE. In January 2018, India and Seychelles signed a 20-year pact whereby India would build an airstrip and a jetty for the Indian navy on Assumption Island. In February 2018 during Mr Modi's visit to Oman, a country with which India has historic ties dating back to the colonial era, New Delhi and Muscat finalized an agreement through which India gained access to the strategically located port of Duqm, on Oman's southern coast. India and the UAE conducted their first naval exercise in February 2018.

India's Emerging Partnerships

India has also sought to build deeper strategic relations with Japan, another like-minded country that seeks a similar security architecture in the Indo-Pacific region and views the rise of China as a challenge.

India and Japan have historical and civilizational ties and Japan is the largest bilateral donor to India. In 2011 the two countries signed a Comprehensive Economic Partnership Agreement (CEPA) and bilateral trade stands at USD 14 billion.

New Delhi understands the need to build infrastructure both within India but also in its immediate neighborhood and the Indian Ocean region. Delhi views Tokyo as a key partner for

the development of infrastructure through the Japan and ADB co-sponsored Expanded Partnership for Quality Infrastructure Initiative as an alternative to One Belt One Road (OBOR).

Hence, instead of accepting Chinese investment in the much-needed development of Indian infrastructure, India has preferred Japanese investment. In 2014 Japan offered to invest USD 35 billion in infrastructure projects aimed at building industrial corridors and highways and an additional USD 17 billion bullet train project being announced in 2017.

In April 2018, Japan, United States and India agreed to collaborate on infrastructure projects in South and South East Asia, primarily countries like Nepal, Bangladesh and Myanmar. India will help with the development of ports, Japan with building industrial parks and the US will focus on building power plants.

India is also deepening its relationship with the United States. For decades the United States was the predominant maritime power in the Indian and Pacific Ocean regions. The U.S. built a network of alliances with countries in the region, built the economies and defense establishments of a number of these countries, and ensured it had partners and bases to ensure freedom of navigation and protection of national security interests.

Today China has created a counter model through its One Belt One Road Initiative whereby it initially provides high interest loans with no strings attached to countries across Asia and Africa to help build their infrastructure from highways to ports. Then once the countries are indebted to China, China is able to use the ports as potential bases and ensure the country's economy is tied to the Chinese economy.

The United States and India

The rise of China means that Washington needs regional powers to buffer its own strength more than it did in the past. As a populous, democratic, market economy, India's size and values make it a natural partner for the United States.

India's rapid economic growth, around 7 percent per year for the last few years, makes it a contender for the world's fastest expanding economy. The average income in India has nearly doubled in the past ten years, and economic modernization promises to bring more jobs and advanced industry.

From being 'estranged' democracies during the Cold War, India and the US today are in the words of former Secretary of State Rex Tillerson: the "two bookends of stability – on either side of the globe - standing for greater security and prosperity for our citizens and people around the world."

This was, however, not always the case. Despite American support for Indian independence, and a common appreciation for democracy between the two nations, India's first Prime Minister Jawaharlal Nehru opted for nonalignment. While the United States provided economic

and developmental aid to India, New Delhi perceived American support to Pakistan as detrimental to Indian interests.

India's close relations with the Soviet Union was another factor that kept Delhi and Washington estranged. Right from independence India's leaders sought to build domestic capabilities whether economic, military or even educational. During the Cold War, India welcomed aid from both blocs. The United States developmental aid in the form of PL-480 loans and assistance in the setting up of India's higher educational institutions was deeply appreciated.

However, American companies were not keen on manufacturing in India whether in the economic or military arena. The Soviet Union, on the other hand, was more willing to help set up coal and steel mills and provide assistance to India's infant domestic military manufacturing complex.

Further, New Delhi perceived Moscow as an ally in the United Nations Security Council (UNSC) especially when it came to issues relating to Pakistan and Kashmir. The United States, on the other hand, was viewed as being more sympathetic to Pakistan.

From being an offshore balancer in South Asia during the Cold war and enabling Pakistan's desire for parity with India, the United States has in the last two decades seriously championed a strategic partnership with India. Washington has also acknowledged India as the dominant regional and an emerging global power.

From having almost no military relations during the Cold War to India becoming a Major Defense Partner of the United States, the two countries have come a long way. The designation of Major Defense Partner allows India to purchase advanced and sensitive technologies at par with many of America's closest allies and partners. From USD 20 billion in bilateral trade in the year 2000 the figure stands at USD 115 billion in 2018.

When the United States looks to Asia it no longer sees the peaceful rise of China, instead it sees an economic and military rival that seeks to undermine the international liberal order that the United States helped establish after the Second World War. Washington now seeks like-minded democratic free-market societies as allies and partners in upholding this rules-based order.

The US views India as a counterweight to a rising China. As the world's largest democracy with a multicultural society and expanding military heft, New Delhi has the potential to balance China's expansion westward. As the PLA Navy moves into the Indian Ocean and builds a blue water fleet, the United States sees India as a valuable partner in balancing China at sea.

Going Forward

India and the United States agree on the need for an open and inclusive Indo-Pacific and, upholding a rule based liberal international order. The January 2015 'U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region,' spoke of how the two countries seek "a

closer partnership” to promote “peace, prosperity and stability” by boosting regional economic integration, connectivity, and economic development.

India’s growing economic and security relationships and interest in the Indo-Pacific region are aligned with its deepening partnership with the United States. Two years after signing the US-India Joint Strategic Vision of 2015, India joined the Quad (a strategic grouping of the United States, India, Japan and Australia) and there is talk about making the grouping something more than an annual talk shop. In February 2018 during the visit of French President Emmanuel Macron to India, New Delhi and Paris signed an agreement whereby the two countries would open their bases to warships from each other’s navies.

From being ‘estranged’ democracies during the Cold War, India and the US today share, in the words of former Secretary of State Tillerson a “growing strategic convergence.” From having almost no military relations during the Cold War India is today a Major Defense Partner of the United States. The United States increasingly also views India as a potential regional security provider and seeks to build India’s security capacity through commercial and defense cooperation between the two militaries.

Even though the India –US relationship is much deeper and multi-dimensional today than it has ever been there is still a gap in expectations of the other from both sides and the two countries are still in a process of adjusting and adapting.

Despite closer relations with the United States, India is still reluctant to join any formal alliance structure. India is a virtual American ally but is still reluctant to be a formal American ally. India is reluctant to cede power to a collective security mechanism and so is reticent to join any formal military alliance or any grouping that appears like a military alliance.

India has consistently sought freedom from external pressures. While every country seeks this kind of autonomy for India it has been a matter of policy. The colonial experience left an indelible mark on India’s collective personality. More than seven decades after Independence, seeking freedom from external pressures is as much at the core of India’s external relations as it was when India was a colony. During the Cold War the policy was referred to as nonalignment and after the Cold War it is defined as strategic autonomy.

India is a member of the Brazil, Russia, India, China and South Africa grouping (BRICS), the Russia, India and, China grouping (RIC), and the Asian Infrastructure Investment Bank (AIIB) where China is the main investor at the same time. At the same time India is against the One Belt One Road or Belt and Road Initiative (OBOR/BRI), supports Japan’s Quality Infrastructure Initiative, is a member of the Quad and views the United States as a natural ally, reflecting India’s pursuit of maximum options in foreign relations.

India seeks more global engagement at the same time as it retains strategic autonomy. India seeks to be a part of multilateral organizations but prefers bilateral relationships. So, it would

prefer bilateral relationships with the US and all its allies and is not in favor of arrangements like the Quad becoming formal military alliances.

Indians believe in the promise of India as an Asian power and future great power. They seek strong economic growth not only to become China's rival but also for socio-economic development at home. India's long drawn out military modernization is not only directed towards China but also to ensure the territorial integrity of India from both domestic and external threats.

India wants recognition of its pre-eminence in the Indian Ocean region and in South Asia but is reticent to openly confront China. New Delhi understands the threat it faces on the land and sea border from China but there is also a recognition of the limitations of its economic and military capabilities. Further, in a realist Hobbesian sense, India believes it needs to fend for itself when it comes to the China threat and does not believe any country will come to its assistance.

At the end of the day India's concerns about its immediate neighborhood remain paramount in the threat perception of India's leaders and strategists. For India, South Asia is more important than South China Sea, so concerns about American willingness to help with respect to Pakistan and Afghanistan may create differences between Washington and Delhi.

India is different from traditional American allies whether in Europe, Latin America or Asia for whom the United States was the key security provider. India would never want that kind of a relationship. Instead India seeks a relationship where Washington does for India what the United States did for China decades ago: the belief that helping build China's economic, technological and military might would make China a more responsible global player and maybe even a free market democracy.

If the U.S. wants India to play a bigger role in the Indo-Pacific, New Delhi seeks more economic investment, technological expertise and the sale and manufacture of state of the art defense equipment.

U.S. policy toward India must include the following considerations:

- (1) The U.S. must recognize that India's size and history makes it different from other, smaller American allies in Asia.
- (2) Instead of subjecting the India-U.S. relationship to a one-size-fits-all policy towards allies, the United States should consider a special partnership with India, which exempts India from Export Control regulations governing military sales.
- (3) U.S. trade policies should also be adjusted to enable the rise of India as a strategic competitor to China.

(4) Attempts to 'balance' ties between India and other South Asian states, notably Pakistan, should be abandoned to enhance India's capacity to confront China.

Any short-term loss in dollars and cents or other, less significant nominal alliances, would be offset by the immense benefit to the United States of having a major, one-billion strong nation standing by its side to ensure that China and its closed system do not emerge dominant in the Asia-Pacific for years to come.

Mr. YOHO. Thank you, Dr. Pande.
Dr. Michael Swaine. Thank you.

**STATEMENT OF MICHAEL D. SWAINE, PH.D., SENIOR FELLOW,
ASIA PROGRAM, CARNEGIE ENDOWMENT FOR INTER-
NATIONAL PEACE**

Mr. SWAINE. Thank you very much, Chairman Yoho, Ranking Member Sherman. It is a pleasure to be in front of your committee again. I am a security expert, so I will talk about security-related issues and the question of avoiding conflict in Asia.

Right now, we are in a period of enormous transition in the Asia Pacific, as you know, away from a 70-year long period of American strategic clarity, economic strength, and military predominance to a much more unclear and potentially tumultuous period driven, above all else, by the changing power relationship between the United States and its major allies, particularly Japan, and a continually rising China.

Although the United States remains the top maritime power and economic investor alongside Japan, across the region, and as in many ways expanding—and is in many ways expanding its absolute capabilities over time, it nonetheless is declining in relative terms compared with China. Beijing is now the major trader across the region, rapidly increasing its level of investments and deploying a formidable set of naval, air, and missile capabilities that clearly call into question the capacity of the United States and its allies to exercise freedom of action and prevail in a crisis or conflict along China's maritime periphery.

In confronting this changing environment, Beijing and Washington currently hold fundamentally different notions about the best means of preserving stability and prosperity over the long term. The United States favors a continuation of American maritime military predominance and overall leadership. This includes the clear of capacity to prevail in any potential serious conflict with China, extending up to at least China's 12-nautical mile territorial waters. This viewpoint is expressed or implied in current and past national security and national defense strategy documents.

In contrast, Beijing favors, at the very least, something approaching a multipolar power structure or, at most, a Sino-centric structure. Either way, China is pursuing a more secure and preferential environment along its maritime periphery. This by implication or design means that American military predominance is clearly under threat.

In fact, looking forward, it is my view that far from—and it is far from clear that U.S. and allied military predominance within the first and second island chains, that is to say out to approximately 1,500 nautical miles from the Chinese mainland, can be sustained on a consistent basis over the long term, just as it is virtually impossible for China to establish its own predominance in that region due to U.S. and allied strengths.

Changing relative economic capabilities, military capital stocks, and advances in military technologies all call such developments into question. And studies have been done both at Carnegie and by the RAND Corporation that reinforce this notion. In the absence of stabilizing measures, the near-inevitable emergence of a clear level

of Sino-U.S. allied parity in the Western Pacific will almost certainly increase the likelihood of crises and possibly even conflict over the handling of volatile issues, such as Taiwan and maritime disputes in the East and South China Seas.

What is the primary danger here? The danger is that a rising China will overestimate its growing leverage and opt for various forms of pressure or coercion to greatly alarm others, and that the United States will overreact to such behavior in an effort to compensate for what is, in fact, its declining relative capabilities, thus threatening to make each disputed policy area into an unstable test of relative influence. We are already seeing this dynamic at work in the South China Sea and elsewhere.

Given these considerations, it is my view that the best optimal outcome for both nations is the development of a stable and cooperative balance of power in the Western Pacific in which the most vital interests of both the U.S. and its allies and the Chinese are protected, and neither side enjoys the clear capacity to dominate the other militarily within at least the first island chain.

In addition, the U.S., its allies, and China must also work to build a more integrated and dynamic regional economic network of benefit to all as a bulwark to a stable military balance. For the U.S., the security balance should center on retaining a robust yet defense-oriented U.S.-Japan alliance, supplemented by an expanding set of mutually verifiable understandings with Beijing and other Asian powers.

Such understandings would be aimed at stabilizing the military balance with China at a level that both sides can live with. This level could be conceived as one in which each side possesses capabilities sufficient to deter the other from using force to resolve serious differences, but with each lacking the clear superiority that could in the eyes of the other foster aggressive intentions. Such a balance is most compatible with what is called a mutual denial strategy.

Such understandings must also aim at diffusing and demilitarizing the most contentious issues in the region, from the Korean peninsula to Taiwan and maritime disputes. This can be attained most optimally in the context of a defense-based regional military balance.

The goal of a more integrated and dynamic economic region would require the U.S., China, and other Asian economies to strengthen their domestic economic growth and deepen their commitment to free trade. Most importantly, successful, long-term integration will depend on getting Beijing and Washington to join a common trade architecture. That is why we need a TPP so much. The Chinese eventually would probably have been compelled to join TPP over time.

The creation of a stable balance of power in the Western Pacific will require American initiative and strength, not passivity and certainly not one-sided concessions. Conditionality, reciprocity, and a willingness and ability to suspend or reverse actions taken or contemplated if China fails to cooperate are central to this process. It will also require the development of domestic consensus, allied and friendly support, sustained U.S.-China dialogue, and inter-linked changes in several existing regional security policies.

Maintaining prosperity and stability in Asia and within the U.S.-China relationship more broadly will require new ways of thinking, new approaches, and some risk taking. But in my view, the alternatives are far less attractive.

Thank you.

[The prepared statement of Mr. Swaine follows:]



CARNEGIE
ENDOWMENT FOR
INTERNATIONAL PEACE

1500 M ST. N.W. WASHINGTON, D.C. 20004-6101 TEL: 202 389 6200 FAX: 202 389 6201 WWW.CARNegieENDOWMENT.ORG

Congressional Testimony

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**ASIA'S DIPLOMATIC AND SECURITY
STRUCTURE: PLANNING U.S.
ENGAGEMENT**

Michael Swaine

Senior Fellow

Asia Program

Carnegie Endowment for International Peace

Testimony before U.S. House Subcommittee on
Asia and the Pacific

May 23, 2018

Thank you very much Mr. Chairman.

We are in a period of enormous transition in the Asia-Pacific, away from 70-plus years of American strategic clarity, economic strength and military predominance, to a much more unclear and potentially tumultuous period driven above all else by the changing power relationship between the United States (and its major allies, in particular Japan) and a continually rising China.

In confronting this uncertain environment, Beijing and Washington currently hold fundamentally different notions about the best means of preserving stability and prosperity in the Asia-Pacific over the long term:

The United States favors continued American maritime predominance and overall leadership. This includes the clear capacity to prevail in any potential conflict with China on issues that matter, extending at least up to China's 12 nm territorial waters. This viewpoint is expressed or implied in current and past U.S. National Security and Defense Strategies.¹

In contrast, Beijing favors at the very least something approaching a multipolar power structure, or at most a Sino-centric structure in which China enjoys a more secure region along its maritime periphery and is able to reject or resist any efforts to threaten its vital interests across the Asia-Pacific.

Those who call for either continued unambiguous American predominance or a far more assertive Chinese drive for dominance often base their arguments of the necessity for such action on faulty theoretical and historical factors or a misreading of current evidence.

Rising powers are not destined to seek hard-power dominance at all costs. And despite constant assertions by non-specialists, China is not historically predisposed to dominate the Asia-Pacific in hard-power terms. China's pre-modern imperial history provides a much more nuanced and mixed set of potential lessons in these areas.

More often than not, Beijing historically employed soft-power economic and diplomatic methods to deflect regional threats and ensure security while at times using military force to subjugate nearby adversaries. Also, it is important to keep in mind that pre-modern China was not a nation-state with clear and consistent boundaries, and that each Chinese dynasty adopted a different set of strategies to defend against external threats.

Looking forward, the notion that unequivocal U.S. or Chinese predominance in the Western Pacific constitutes the only basis for long-term regional stability and prosperity is a dangerous concept, for two basic reasons.

¹ *The National Security Strategy of the United States of America* (Washington, DC: The White House, 2017), <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSSI-final-12-18-2017-0905.pdf> and *The Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge* (Washington, DC: Office of the Secretary of Defense, 2018), <https://www.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-StrategySummary.pdf>.

First, as long as China continues to grow and develop overseas interests, it will resist, in an increasingly determined fashion, U.S. efforts to sustain predominance by negating Beijing's efforts to project power along China's maritime periphery, viewing such efforts as a direct threat to its own security. The resulting intensifying security competition, already well underway (as reflected in the recently issued U.S. National Security Strategy), will further polarize the region, inject zero-sum calculations and fears into almost every U.S. or Chinese initiative, and generally force other Asian states to choose between Beijing and Washington on many issues, something they definitely do not want to do.

Second, it is far from clear that U.S. military predominance within the first and second island chains (i.e., out to approximately 1,500 miles from the Chinese mainland) can be sustained on a consistent basis over the long term, just as it is virtually impossible for China to establish its own predominance in that region. Changing relative economic capabilities, military capital stocks, and advances in military technologies all call such developments into question. Indeed, studies in recent years by Carnegie and the RAND Corporation have strongly suggested the difficulty of maintaining U.S. predominance in the Asia-Pacific.²

Moreover, key U.S. Asian allies such as Japan and South Korea will very likely remain unwilling and/or unable to augment declining relative U.S. power in a major way, thus retaining U.S./allied predominance. Absent a major paradigm-shifting event or series of events, they will almost certainly lack the capacity and political commitment to boost their military and economic capabilities and alter their military doctrine sufficiently, and some allies could remain highly hesitant to stand in lockstep with Washington against China.

While a Chinese economic collapse would make moot the above conclusions, such a collapse is unlikely, and delaying any policy adjustments on either side in response to the shifting power distribution in Asia, in anticipation of such a collapse, will only make it more difficult to make stabilizing adjustments in the future. This is the case given both the long lead times required to make such adjustments, and the fact that mutual suspicions will likely have deepened by then, thus preventing the mutual accommodation necessary. We are well on the way to creating such deep suspicions, especially with the recent issuance of the highly zero-sum-oriented U.S. National Security and National Defense Strategies.

According to the above-mentioned Carnegie studies, even a relatively low-growth China will still almost certainly manage to greatly increase its economic and military capabilities in the Western Pacific relative to those of the United States and its allies, thus significantly building its presence and confidence in that region.

² Michael D. Swaine et al., *China's Military and the U.S.-Japan Alliance in 2030: A Strategic Net Assessment* (Washington, DC: Carnegie Endowment for International Peace, 2013), <http://carnegieendowment.org/2013/05/03/china-s-military-and-u.s.-japan-alliance-in-2030-strategic-net-assessment-pub-51679>; Michael D. Swaine et al., *Conflict and Cooperation in the Asia-Pacific Region: A Strategic Net Assessment* (Washington, DC: Carnegie Endowment for International Peace, 2015); and Eric Heggenbotham et al., *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power 1996-2007* (Santa Monica, California: RAND Corporation, 2015), https://www.rand.org/content/dam/rand/pubs/research_reports/RR300/RR392/RAND_RR392.pdf.

Indeed, in the absence of concerted stabilizing measures, the near-inevitable emergence of a clear level of Sino-U.S./allied parity in the Western Pacific will almost certainly increase the likelihood of crises and possibly even conflict over the handling of volatile issues such as Taiwan and maritime disputes in the East and South China Seas. The primary danger is that: a) a rising China will over-estimate its growing leverage and opt for various forms of pressure or coercion that greatly alarm others; and b) the United States will overreact to such Chinese behavior, in an effort to compensate for its declining relative capabilities, thus raising the likelihood of conflict. Moreover, such crises will almost certainly occur regardless of the presence of superior U.S. power on a global level.

Given these considerations, the best optimal outcome for both nations is the development of a stable and cooperative balance of power in the Western Pacific, in which the most vital interests of both the U.S. and its allies and the Chinese are protected and neither side enjoys the clear capacity to dominate the other militarily within at least the first island chain.

Such a balance will require both greater confidence-building and crisis management measures (CBMs and CMMs) and mutual assurances and restraints, as well as efforts to reduce the volatility of the most likely sources of future U.S.-China crises in the Western Pacific. These include issues on the Korean Peninsula, Taiwan, regional military intelligence and surveillance operations and other activities, and maritime territorial disputes in the East and South China Seas. This would amount to the creation of a de facto buffer zone along China's maritime periphery, involving its neutralization as a location from which to project either U.S. or Chinese power.

Specifically, such a buffer zone will likely require: a) a unified, nonaligned (or only loosely aligned) and hence largely neutralized Korean Peninsula; b) a militarily restrained Taiwan Strait environment; c) a more stable and predictable set of understandings regarding maritime territorial disputes; d) a common, defense-oriented, mutual denial military operational strategy and force structure within at least the first (and possibly the second) island chain (i.e., about 500-1500 nm from China's coastline); and e) more credible policies and assurances in support of a mutual deterrence nuclear force posture. These features of a stable balance are described in detail in the 2016 Carnegie report entitled *Creating a Stable Asia: An Agenda for a U.S.-China Balance of Power*.³

Many obstacles lie in the way of achieving a stable, cooperative balance of power in Asia, including:

- A U.S. refusal or inability to seriously contemplate an alternative to American predominance, for historical, bureaucratic and conceptual reasons; indeed, the most recent U.S. National Security and Defense Strategies rashly support a zero-sum approach to China supportive of such predominance.
- U.S. resistance to any significant change in the security environment and policies involving Korea, Taiwan, and maritime territorial disputes, fearing destabilizing allied reactions, ranging from Japanese remilitarization and nuclearization to a political and security shift toward China.

³ Michael D. Swaine with Wenyan Deng and Aube Rey Lescure, *Creating a Stable Asia: An Agenda for a U.S.-China Balance of Power* (Washington, DC: Carnegie Endowment for International Peace, 2016), https://carnegieendowment.org/files/CEIP_Swaine_U.S.-Asia_Final.pdf.

- Opposition by Japan, South Korea, and Taiwan to such changes, in part due to a desire to avoid having to increase their own defense expenditures; each would prefer that the U.S. continue to serve as their security guarantor.
- A highly suspicious Chinese regime disinclined to contemplate any self-imposed limits on its sovereign rights and its rising political and military abilities, partly due to its excessive vulnerability to ultra-nationalist domestic pressures.

These problems suggest that a so-called Sino-American “Grand Bargain” to create an Asian balance of power is unlikely. The above understandings and force postures can only occur gradually, in stages, in a pragmatic, “test-and-adjust” manner, over a relatively long period (i.e., a decade or more). Two variations (i.e., a minimalist and maximalist version) of the process involved in creating a stable balance of power in the Western Pacific are presented in the above-mentioned 2016 Carnegie report.⁴

The first step in this process is for Washington, Beijing, and other major Asian powers to accept the reality of the changing power distribution in the Western Pacific and the need for more than marginal adjustments and limited CBMs. This recognition involves not only an acceptance of current and future power trends, but also an acknowledgement of the likely fact that “muddling through” and efforts to sustain or create U.S. or Chinese predominance, respectively, will produce more problems than transitioning to a balance of power.

But even under the best of conditions, this type of major adjustment will require courageous and far-sighted leadership, some risk taking, and a sustained level of highly effective diplomacy. None of these qualities are evident at present in either the United States or China.

Finally, it is important to state that the argument for the creation of a stable balance of power in the Western Pacific does not require deal making with China from a position of American weakness, as some will undoubtedly allege. It rests on the effective use of the United States’ substantial military and economic power, both globally and regionally, rather than on an attempt to make the best of a weak and diminishing position. It anticipates that the United States will remain the most powerful and influential nation in the world for many decades to come and that Washington, with the support of its allies and friends, can retain a leadership role in Asia—in many respects alongside Beijing—in a manner that is reassuring to all regional powers.

In other words, the process this argument presents for creating long-term stability and prosperity relies on American initiative and strength, not passivity and certainly not one-sided concessions. It also guards against possible Chinese misperceptions of American compromise and restraint as a sign of weakness of which to take advantage. Conditionality, reciprocity, and a willingness and an ability to suspend or reverse actions taken or contemplated are central to the process of building a stable balance over time.

While doubtless difficult to achieve, the creation of a stable balance of power in Asia will prove possible if viewed as the price that both sides would need to pay to avert an increasingly dangerous

⁴ Ibid.

and unpredictable regional security competition that neither side can win.

Mr. YOHO. Thank you. I appreciate that and very compelling.

And, again, I just can't overemphasize the significance of the Southeast Asia. We met with Admiral Harris, Harry Harris, back a couple months ago, and he was saying that within 50 years, there will be more people living in that region in the world than outside of that region, and people want to know why is it important that we focus on that. I think that is a pretty good indicator of why. And these are things that we are very cognizant of.

And I agree with all of you in that we didn't have a clear plan, and it hasn't been just over the last 8 years or the last 16 years. I think we have been distracted as a Nation, and we need to focus where we are going to be 50 years from now or 100 years from now, and we should have the policies in place of where we are going as a Nation. And that is what I see has been lacking in Washington, and I know the ranking member and myself, we have talked about this as building tools within the Foreign Affairs Committee, that we can use—the administration can use with our direction.

The thing with TPP, when we first—when President Trump got in and he pulled out of that immediately, I know that ruffled a lot of feathers, but I think it was the right thing to do. It was a very decisive action, and then you have got to deal with the fallout. And I say it was the right thing to do, being decisive, number one. Number two, even candidate Clinton said she wasn't going to support that. We were told there wasn't the support here in the House. I wasn't supporting it, not that we get to vote on it, but it was one of those things you brought finality to it so now we can move on. And we have talked to a lot of those countries, and they talked about their distaste for us pulling out of that, and I fully understand that. And we also understand the window it opened up for China.

Our goal is to focus on economics, trade, and national security. And when we talk about ASEAN, and we all know what ASEAN is, the 10 nations that account for 653 million people, \$2.5 trillion worth of trade. And we know their neutrality rules of not interfering with other nations. We have brought up to the Prime Minister in ASEAN nations of why this is probably a good time to bring that group together, because we see what China is going to do. You saw what the Philippines did when they challenged China at the Court of Arbitration in The Hague and the Court ruled in the Philippines' favor, but yet China ignored it.

Xi Jinping told President Obama in 2015 they would not militarize those islands, and so now they are militarized. They are landing bombers on there. And if we don't—I think one of you brought up if we don't stop it now, it is not going to be easier 3 years from now.

We have got to come to a consensus and have that block of countries, not just ASEAN, we saw Canada weigh in and says China can't continue to claim territory that the rest of the world disputes. And if we don't stand up now, it is going to be harder and it is going to destabilize that area.

And I think where it is all clear where Xi Jinping is going in the 19th party, Communist Party Congress, he said it was time for the—the era of China has come. No longer will China be made to swallow their interests around the world. It is time for China to

take the world's center stage. I don't know about you, but I find that very threatening, and it is unacceptable. This is something, again, we as members of—with a lot of interest around the world, we have to stand up.

And when I talked to the ASEAN nations and asked them why has it been so successful, and this is what we hear over and over again: American leadership, honoring of contracts, the rule of law. IP protection. All those things that we bring to the table that we know the other parties that are offering an alternative don't, and we have seen that over and over again. And, yes, they have got a very aggressive One Belt, One Road initiative, and that is why we introduced the BUILD Act that is bipartisan in the House, bipartisan in the Senate. In fact, we had Secretary Pompeo today talking about why this is such an important strategy or tool for the United States Government. And, again, we want to create the tools and craft the tools that an administration can use. And I challenged him or he challenged me saying that I didn't think we could compete dollar-for-dollar, nor do I want to with China. But he says, I think this tool will do that because we bring in the expertise and the funding of outside corporations, and we can partner up with other countries.

So with that, let me get back to a question. What does the United States need to do operationally—to operationalize the free and open Indo-Pacific strategy? And what should be an immediate priority, and what should we consider long-term goals? Dr. Searight?

Ms. SEARIGHT. Yes. I think the first priority is to more clearly articulate the vision, and make it more clear how Southeast Asia fits into it, how even the security side which is, you know, there has been a lot of talk about our security partnerships with countries like Vietnam, India and many others. There hasn't been a real articulation of how different lines of effort on the security side, economic side, et cetera, add up to a vision of, you know, a coherent strategy that the United States is really bringing to the table. So that is number one. I think that has been a little lackluster, although it is early. You know, it has only been 6 months since President Trump gave his speech, so there is room for other senior officials to lay that out.

Secondly, I would go right to economics. And I agree with you, Mr. Chairman, that the BUILD Act, the proposed reforms of our development finance institutions would be a very welcome thing to pass, even though, you know, it is not large in terms of resources, but on the margins, it really can make a difference. And there is real interest, as you know, with countries like Japan and Australia, perhaps India, working with us in various ways to really promote a more responsible approach, high-standard approach to lending and infrastructure development. So forming a sort of loose coalition where we are all bringing our tools to the table and working with the private sector to help promote infrastructure development in the region would be very welcome. And in particular, I think there is a lot of potential for a U.S.-Japanese partnership on that.

And finally, I would say—I have to say that I think that the United States should consider coming back to TPP. It was a real disappointment, not just because the United States decided not to

join in, but it was—the reason why it was so shocking was that the countries in the region could not conceptualize that the United States would really walk away from an initiative where it had provided such leadership and such a clear vision for where the regional economic architecture should go. So if there was an alternative on the table that would be a similar vehicle for promoting high standards, rulemaking on key issues like digital trade, et cetera, if there was a vehicle like that, I would be fully supportive of that, but honestly, I don't see any alternative out there.

And with TPP-11 launched, you have officials from Thailand and Indonesia taking a look, you know, talking about they want to come onboard at some point in time. It is still the defining discussion in the region on economics, and we are just not in the game.

Mr. YOHO. I agree with you, and I am going to hold off on any other comments from you, the other two witnesses, so Ranking Member Sherman can weigh in.

Mr. SHERMAN. Our foreign policy establishment promoted trade deals that have decimated America and sucked the marrow out of the middle of this country. Many were so destructive to the United States that in desperation our people reached out to elect Donald Trump President of the United States. And now we are told that we can be consistent and clear, have a clear vision if only we return to those policies again. The trade deficits don't matter. The jobs don't matter. What matters is staying true to the pro-Wall Street positions that have guided our policy in the past, and therefore, must be the true epitome of American patriotism.

It is not the fault of the Midwest for voting for Donald Trump, it is the fault of the foreign policy establishment for giving us trade deals, such as those who urge "economic engagement." Wonderful slogan, I love it. And said, therefore, if we give MFN for China, our trade deficit will grow with China by only \$1 billion per year. They were off. It is about a \$300 billion increase. You know, I deal with numbers here in Washington all the time. Now they are off by 5 percent, they are off by 2 percent, they are off by 8 percent. This estimate was off by 30,000 percent, because the people making the estimate had no care as to whether they were accurate.

To turn to the people, I know it has been put forward that the idea of a new trade relationship with Southeast Asia has no appeal for Southeast Asia. I agree. If they can keep the status quo, they love that. The only way a new trade relationship with any of the areas of Asia will be appealing is if the alternative is a complete lack of access to the U.S. market. Then a fair trade relationship might start looking good. But as long as Asia hears from us that substantial power in Washington wants to continue the huge trade deficits, why should they agree to anything else, except maybe something that increases the trade deficit even more.

But aside from trade, I have got a question for Dr. Pande, completely different angle. I made a statement on Sri Lanka's Remembrance Day to remember the tens of thousands of lives lost in Sri Lanka's civil war. Should we halt ties, security ties, with Sri Lanka until it makes progress on human rights issues, especially accounting for the disappeared and missing persons, and providing some degree of political autonomy to the Tamil minority?

Ms. PANDE. Ranking Member, while human rights are important, I understand your perspective. India did try this policy a decade ago, and India did try and use pressure on Sri Lanka and disengage slightly with Sri Lanka. The problem, China walked in and Hambantota, the port was built by China in Sri Lanka, almost 90 percent of Sri Lanka's debt is owned by China. So we have to have a policy which is balanced.

Mr. SHERMAN. Excuse me. Usually, countries feel they have to pay their debt or they will be blacklisted by the western capital markets. If it is up to 90 percent, why don't we just issue a rule for the SEC that says a default on all the debt of Sri Lanka to China isn't a black mark against them in selling their debt to the west, and then China would learn not to own 90 percent of a country's debt.

Go on.

Ms. PANDE. So I believe it has to be balanced where you sort of—you remain engaged with the country, and China does not walk in, otherwise China is in Sri Lanka, China is in Maldives, China owns a large part of the debt in Bangladesh and Nepal. So a number of—

Mr. SHERMAN. Not to mention the naval facilities in Pakistan.

Ms. PANDE. Yes, Pakistan.

Mr. SHERMAN. I want to go on to Dr. Swaine. You have talked about an alliance that we have with Japan. NATO is a mutual defense alliance. We urge countries there to spend 2 percent of their GDP on their national defense. That is ridiculously low, since we spend 6 percent, then we lie to our people and say it is only 5 percent, by telling them not to notice that veterans are a cost of maintaining a defense capacity. But anyway, we settle for 2 percent. But it is a mutual defense. Every country has to defend the others.

With Japan, we don't have a mutual defense. Japan has not been attacked in the last 50 years militarily. The United States was attacked on 9/11. The major NATO powers sent troops on the ground in Afghanistan. Japan sent none. How do we explain what kind of relationship we have with Japan?

We can't call them our dependency. At the same time, it is not a mutual defense treaty. It is as if we are unpaid mercenaries? I don't know what the term would be. How do we turn our defense relationship with Japan into something that is mutual, instead of them claiming that because Douglas MacArthur thought that they shouldn't—they should have a clause in their constitution. They are responsible for their own constitution. It is not like there is a provision in it that said—you know, that they are a dependency of the United States, they can't change their constitution without the permission of the descendants of Douglas MacArthur.

How do we get a mutual defense agreement with Japan instead of a one-sided one where we have to defend them, and they don't do anything for us, except help defend themselves?

Mr. SWAINE. Well, Representative Sherman, I am not somebody who believes that the U.S.-Japan alliance is an unfair alliance. I think the Japanese—

Mr. SHERMAN. Well, we were attacked on 9/11. How many Japanese soldiers were put in harm's way to defend the United States after that attack?

Mr. SWAINE. I think you have to ask—you have to measure this in terms of to what degree was Japan prepared to provide assistance both in supporting U.S. forces in the Asia Pacific, which they were. Their support for U.S. forces in the Asia Pacific is a very vital one. It is absolutely essential.

Mr. SHERMAN. They help us defend their region, but we were attacked by forces from Afghanistan. We died. Europe sent forces to Afghanistan. Japan sent none. So you have got NATO——

Mr. SWAINE. No combat forces.

Mr. SHERMAN. No combat forces, yes, people on the ground risking their lives. Britain did that. France did that. Germany did that. And they are inadequate. So if inadequate describes the European contribution to mutual defense, what term do I use for Japan that sent zero?

Mr. SWAINE. Well, I think the term for Japan is that they are committed to providing for defense of their interests in the Western Pacific, the interests of the United States——

Mr. SHERMAN. I have gone way over time, but I think you have capsulized it. They are dedicated to protecting their interests.

Mr. SWAINE. Well, it is not just their interests, though, Member.

Mr. SHERMAN. We have an interest in them. They have an interest in us. They defend their interests. They don't defend our interests, except if our interests and their interests are being defended. Obviously, the world is better because Japan is in it, and Japan is willing to contribute to the world the continued existence of Japan. But when we were attacked, not a single Japanese soldier was put in harm's way, and yet I am told every day that Americans have to be ready to die by the tens of thousands, if necessary, to defend our allies in Northeast Asia, and that every day our soldiers and sailors have to wake up and say, I might die today for that defense. It is not an exactly parallel relationship.

I yield back.

Mr. YOHO. I appreciate your thoughts and your comments on that.

Mr. SHERMAN. And I have been able to overcome my shyness.

Mr. YOHO. You have. I have even seen you laugh a few times on the committee. That is good.

Moving forward. You know, we have got the serious problem going into the 21st century. All right. Good enough. Thank you. Thank you for being here.

To set a strategy for the United States of America to let people in the Southeast Asia, all over the world, all of our allies, our trading partners know that America is committed, you know, pulling out of TPP, I know we lost some political clout there, there is no doubt about that, but I am of the camp that it wasn't going to pass, and the best thing is pull the Band-Aid off quick and move on.

What would you recommend for the ASEAN nations, for our Indian partners, what would be the best move forward to show that America is committed? We have got the military presence we have there. So since you have already spoke, Dr. Searight, Dr. Pande, if you would go.

Ms. PANDE. India is onboard with the Indo-Pacific strategy. I agree with Dr. Searight that maybe a little more clarification of the strategy would help. However, from India's point of view, the In-

dian Ocean region is its sphere of influence, it is its backyard, and so India will remain engaged. It has started to engage more with ASEAN countries: India and Singapore, India and Vietnam, India and Indonesia. Recently, India will lease a port of Indonesia, Sabang, which is near the Malacca Straits. India has also built a lot of relationships with Oman where India is going to lease port of Duqm. So India has started to build its relationships, but it will need a little more help.

You had mentioned earlier about where the U.S. is investing in the BUILD Act. There is also something like the MCC, the Millennium Challenge, and India, the U.S., and Japan are cooperating in Nepal. There is an India-U.S.-Japan infrastructure project for South and Southeast Asia. The three countries will collaborate on building ports, providing energy, and industrial parts.

And so while it is not going to be dollar-for-dollar competition with OBOR, it is going to be qualitatively much better, and it is going to provide a sort of another alternative to countries like Bangladesh, Sri Lanka, Nepal, and countries in the broader Indo-Pacific.

And finally, messaging. Just as disinventing China from RIMPAC sent a message and Quad sends a message, I believe signaling and messaging at periodic intervals does play a big role as well.

Thank you.

Mr. YOHO. Thank you.

Dr. Swaine, what are your thoughts? I know you are not bashful either.

Mr. SWAINE. I have a somewhat different view on all this from what people have been saying. I think, on the one hand, it is very essential for the United States to have a strategic plan, as you say. It is absolutely essential. But that strategic plan has to include both efforts to strengthen the position of the United States and the region and that of its friends and allies, and efforts to engage the Chinese in ways that will reassure them about the ultimate objectives of the United States.

The free and open Indo-Pacific strategy, as currently conceived and as reflected in the National Security Strategy and National Defense Strategy, is not that strategy. It is a very clear, in my view, zero sum, highly adversarial document unprecedented for the United States to have ever issued with regard to Asia and with regard to China, and I think it will eventually, unless there is some engagement effort to it that has to do with cooperation and reassurance in both directions, it will end up polarizing the region. It will end up forcing countries in the region to make decisions about whether they lean more to the United States or they lean more to the Chinese.

And in many respects, the Chinese position in Asia, as I said in my remarks, is increasingly that of they are growing in their level, their relative level of influence. So people will not easily leap to supporting the United States for this strategy. So it is going to have to be adjusted in ways that are not so focused on two diametrically opposed world views, the revisionist world order of China and the free and democratic world order of the United States and its allies, because that is a recipe for the Cold War.

Mr. YOHO. Right. No, I agree with you.

Mr. SWAINE. We will end up in a Cold War.

Mr. YOHO. Yes. We have been through that, and I don't want to go through that again. I remember those years.

And I think you brought up a very good point, very salient, of how do you incorporate China in this? You know, what I see is China is being the aggressor. You know, we have seen what they have done, just their actions, what they are doing in India now with the mining. They are going to divert all the water and those tunnels, a 1,000 kilometer tunnel I think it is. And they are just marching on, marching on. We see them in the Western hemisphere with the \$10.3 billion they lent to Haiti, knowing that they won't be able to pay that back. They will have another strategic port in our hemisphere right off our coast, and these are things that I think are disconcerting all over.

And then you see them going after the democracies, giving people alternatives, the pressure they put on Hong Kong, and then what they are doing with Taiwan. If we don't come to terms with them—and, you know, what I saw the initiative coming out of the White House is a strong stance, like stop. And I agree with you that we have to get to a point where what is acceptable? There is plenty of room on the world stage.

But it can't be one over the other one, and it has to be mutually beneficial.

Do you guys have any thoughts how the best way to proceed with that, if you were to negotiate with China and India and the regional partners in that?

I think I made our stance pretty clear where we stand with ASEAN. You know, we are here. We have done our phone ops, we have increased that through this committee, the recommendations for that, the foreign military sales. Like with Vietnam, we are trying to expedite some of those things. But I don't want it to be confrontational. And I agree, you know, we have seen enough war and death and destruction. And it doesn't advance us very much. So in the end result of all those is we always wind up trading, so let's just focus on the trade and what we can do diplomatically.

What are your thoughts of the best way to engage China on this?

Mr. SWAINE. Well, I've written an entire report on this subject called Creating a Stable Asia.

Mr. YOHO. Trading with what?

Mr. SWAINE. Creating a Stable Asia.

Mr. YOHO. Okay.

Mr. SWAINE. It is a Carnegie report. It came out about 2 years ago, and it systematically lays out some of the arguments that I presented in very abbreviated form here.

I think the first step here has to be a recognition and a discussion within the United States about where we want to be in 20 or 30 years in Asia. We haven't had that discussion.

Mr. YOHO. We haven't.

Mr. SWAINE. But that discussion cannot rest on a common assumption that all will be right as long as United States retains its dominance. In my view, that is a futile and likely self-destructive argument. It has limits to it.

Mr. YOHO. I would agree with you.

Mr. SWAINE. There are people who believe that that is exactly what needs to be done, and so they call for a vast increase in U.S. defense spending, for example, all kinds of economic initiatives, and they don't explain how exactly we are supposed to acquire these resources to do all these things. \$50 billion over 10 years, which is what the Trump administration has said they want to increase spending, is, relatively speaking, a drop the bucket in Asia. And the United States is not going to have the resources to leap ahead.

So what it has to do, it has to get smarter about this. It has to think, if it is going to establish a balance of power in Asia that is a genuine balance, it has to start talking about where you can reach certain accommodations that are mutual on the most hot-button issues. First and foremost is Taiwan. Taiwan is still a very tumultuous and very volatile issue for the United States and China.

Mr. YOHO. Absolutely.

Mr. SWAINE. The Chinese right now are very concerned about where things are going, as is the United States. I believe there needs to be some kind of understanding there.

Now, we are prohibited from talking to the Chinese about anything that relates to restraint on either side because of the Six Assurances. We have a document I am sure you are familiar with.

Mr. YOHO. Sure.

Mr. SWAINE. I believe that elements of that document are fast becoming obsolete.

Mr. YOHO. Right.

Mr. SWAINE. If we don't establish some kind of understanding with the Chinese about limits on systems and limits on policies and assurances about nonuse of force, the Chinese are, ultimately, as they grow in their increase in power in that local regional area and they see domestic developments in Taiwan moving further away from them, they're going to be more inclined to use coercion—

Mr. YOHO. Right.

Mr. SWAINE [continuing]. In this situation. And we have to have a set of policies in place that can deal with that eventuality if it occurs. And that's not one of declaring Taiwan as a strategic bastion for the United States, which is what some people are now arguing. That is a recipe for war with the Chinese.

Mr. YOHO. Now, that is a well-made point.

Dr. Searight?

Ms. SEARIGHT. Yeah, I would just add, you know, I have mentioned already that the region wants to manage great power relations. They want the United States and China to figure out a *modus vivendi* to more or less get along. They don't want to be drawn into a big trade war, for example, between the United States and China.

At the same time, they don't want to see, you know, what is sometimes referred to as a G2. So they don't want to see too much accommodation between the United States and China that will circumvent their priorities. So that is why ASEAN centrality is so important. They don't want to see the United States and China go off in a corner and decide how they are going to manage all kinds of regional issues and who gets what and not have their interests, you know, be fully represented.

So I think, you know, the United States has basically been doing this, but you have got to walk that line in the middle. You have got to stand up—you know, the United States is welcome in the region. It is known what the United States stands for, and standing up for those principles is really important. So showing up is really important and standing up for the principles that we have all been talking about, everything from freedom and navigation and open economics to democracy, rule of law, human rights, good governance. And there is still a lot of—even though we have seen a lot of democratic backsliding in the region, and that is very concerning—

Mr. YOHO. Yeah.

Ms. SEARIGHT [continuing]. There are some bright signs too. You know, Malaysia's election was a stunning result, and it shows that the people of Malaysia, you know, at a certain point, they pushed back and demanded accountability from their government, demanded anticorruption and better governance, and made history. And I think that affirms kind of the values that we have long stood for in the region, and that is a real opening for us to embrace.

Mr. YOHO. Thank you.

Dr. Pande?

Ms. PANDE. I echo Dr. Searight in some ways. One, consistency of American policy. The allies need to know where the U.S. stands on different issues, on China, what it plans to do, sort of the economic or military so that they can also plan their strategies.

Two, India sort of feels a G2 or a movement toward the G2, because India would not like China to be one of the countries or China to be the country which is responsible for South Asia or Southeast Asia.

Mr. YOHO. Right.

Ms. PANDE. And finally, allow the regional partners like Japan, India, Southeast Asia, to play a role in the region, to do what they can do with this infrastructure, trade, building relationships, but let them build their own relationships, which in the end will benefit U.S. interests long term.

Mr. YOHO. Now, I think you all touched on the same thing. You know, we can't do it alone. We are at a point where we can't. You know, we are an aging country. We have got a lot of debt. We are spread out throughout the world. But we have got great allies, we have got great partners, and we have got the rule of law that I think works well for us, and that other people respect.

I have spoken to a lot of the ASEAN nations, a lot of the, you know, different associations. And it always comes up, we depend on American leadership. The world depends on American leadership. So we have those things that we can depend on. And I think the biggest thing is to work out a game plan on how we balance that power. You know, I am hoping that period of time where one nation conquering another nation is a bygone in history, but sometimes you wonder with what is going with a rising China. And like I said, to be supplanted from the world stage as a superpower won't be tolerated by us or any other country.

Let me just go back, because you guys brought up Taiwan, and this is something I think is a very urgent hotbed. I think North

Korea is very urgent, very serious, but I think what is going on in the Asia-Pacific theater is much more than that, and long term.

The Tsai administration has established the new southbound policy. The free part of the free and open Indo-Pacific is about keeping nations free from coercion. This is very relevant for Taiwan, which is facing increased coercion from the PRC.

How should Taiwan be prioritizing this Indo-Pacific strategy, in your thoughts? And this will be the last question, and we will all get out of here.

Dr. Searight, you want to go first?

Ms. SEARIGHT. I think Taiwan is important. I think, again, it is a question of standing up for our principles and standing up for, you know, being consistent in our policy. The Southbound Policy by the Tsai government is one that the United States should find ways to support. It is a very sort of economic and diplomatic-focused policy, and there are a lot of ways, I think, that the United States can help through Ambassadors in the region and think tank linkages and everything else, to help put the Taiwanese and Southeast Asians together. Because there is a business relationship there. There is a lot of Taiwanese investment in the region, but there is somewhat a lack of familiarity about, you know, what Taiwan's diplomacy is all about, what Taiwan stands for. So I think we can play a supportive role there.

But I will let Dr. Swaine address the how to deal with China on Taiwan issue. That is more his lane.

Mr. YOHIO. We are just going to go right down the lane here, then we will go to you.

Dr. Pande.

Ms. PANDE. India's relationship with Taiwan is primarily economic and trade. However, India's Act East Policy in the last few years has increased economic relationship with Southeast Asia and with Japan, South Korea, and Taiwan. And so the Act East, the southbound Indo-Pacific, I believe, sort of are in some ways coming together and that will benefit the region. But purely Taiwan question, I will leave to Mr. Swaine.

Mr. YOHIO. Thank you.

Dr. Swaine, the pressure is on.

Mr. SWAINE. I believe the essential, the fundamental elements of U.S.-Taiwan policy should be held in place. I don't think there is any alternative to the United States acknowledging that there is the statement, basically, in the original communique with the Chinese and then the statements that accompany that in the Taiwan Relations Act. And that is a balancing act for the United States.

Mr. YOHIO. Right.

Mr. SWAINE. You know that. I think we have to continue with that balancing act for the time being. I think the Taiwan Travel Act jeopardizes that. It has the potential for shifting the understanding that we have had with Beijing now for 40 years about what is the central basis for stability in the Taiwan Strait.

The Chinese have maintained a commitment to seeking a peaceful resolution of the issue as a priority. It is in their formal statements. In return for that, the United States pledged that it did not challenge the Chinese view that there is one China. That is the basis of the understanding between the United States and China

about Taiwan. If either one of those two things change in an unambiguous way, there are going to be real problems.

The Chinese, I believe, are concerned now that Taiwan is engaged in what is called soft independence. I think they are overly alarmed about aspects of this, but their concern really focuses on the change in the domestic political environment on Taiwan.

The Kuomintang, the nationalist party, is in considerable disarray. The idea of eventual unification is becoming more problematic.

Mr. YOHO. It is.

Mr. SWAINE. The Taiwan people themselves vacillate on this. Growing numbers have been more identified as Taiwanese, but it reached the kind of height during the Ma Ying-jeou period, and it is actually going down somewhat now.

Chinese are very pragmatic. The Chinese on Taiwan, they don't want to make declarations and support moves that would be really dangerous for themselves. I think they want more diversification in their economic relationships, which is why Tsai Ing-wen has the policy of looking in other areas. But they also recognize that their relationship with the mainland is essential to their development. It remains essential to their development.

So what do you do in this kind of circumstance? You have got to be able to establish some kind of understanding that puts a lid on the impact of escalating military capabilities in this area. And that means you have got to have to talk about what is a basis for restraint in the deployment of forces or the development of forces that are specifically relevant to Taiwan.

It is a challenging issue because a lot of these forces are dual-use, and they are not just focused on Taiwan. But it is one where I think there needs to be more dialogue about what is the basis for a stable floor in terms of the military deployments that both sides would have that would be relevant to Taiwan, and then how do you reassure each side that this basic pact is not going to be altered fundamentally?

Mr. YOHO. If you have time, I would like to challenge you on—or I don't know if it is a challenge, just question you on it.

Essential to their development, the relationship Taiwan has with China; I see it more as essential to their survival to maintain that relationship. But you were talking about the—

Mr. SWAINE. I would agree with that.

Mr. YOHO [continuing]. The U.S. and China have an agreement from 40 years ago. You know, hands off here, we know where we stand. And you said—I think you said that China was honoring that. Yet when you look at the coercion that China has done against Taiwan: Going after them in the World Health Assembly, getting them uninvited, going after their diplomatic ties, getting them uninvited, breaking those ties, going to the Dominican Republic and offering them \$3.1 billion to have them break ties with Taiwan, what they have done with American businesses because they recognize Taiwan as a destination country.

Mr. SWAINE. Right.

Mr. YOHO. And they go after them and they keep going after them. So I don't see them being passive in this relationship. I see them being very aggressive, and it is putting the squeeze on them.

And so at some point, you either decide to let it be consumed by China—Taiwan—or you say, we are going to honor the agreement we had of providing them with defensive mechanisms. And if we don't stand up today, as we have talked about the South China Sea, it is going to be harder in 3 years.

And I think this is where I think we need to implore all the nations in the South China Sea that enough is enough. You know, I would ultimately like to see them demilitarize those islands. Is that possible? I don't know. But I know it will be easier today than 5 years from now. And I think we just need to—who do we want to align with? And the world is going to have to decide. You either align with people that are going to follow the rule of law and honor contracts or people that are going to tell you I am not militarizing the South China Sea, yet they turn around and do it. And they have told those lies over and over and over and over again.

So I think the world will have to decide that. I'm going to side with the good guys.

I thank you for your time to be here. I thank you for your statements and your patience while we had to go vote. And, you know, normally members are here, but when we start late, they kind of scatter like—well, when you turn the light on with some creatures.

Anyway, thank you, and this hearing is adjourned.

[Whereupon, at 3:43 p.m., the subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Asia and the Pacific
Ted Yoho (R-FL), Chairman

May 16, 2018

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held by the Subcommittee on Asia and the Pacific in Room 2200 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, May 23, 2018

TIME: 2:00 p.m.

SUBJECT: Asia's Diplomatic and Security Structure: Planning U.S. Engagement

WITNESSES: Amy Searight, Ph.D.
Senior Adviser and Director
Southeast Asia Program
Center for Strategic and International Studies

Aparna Pande, Ph.D.
Director
Initiative on the Future of India and South Asia
The Hudson Institute

Michael D. Swaine, Ph.D.
Senior Fellow
Asia Program
Carnegie Endowment for International Peace

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia and the Pacific HEARING

Day Wednesday Date May 23, 2018 Room 2200

Starting Time 2:30 pm Ending Time 3:45 pm

Recesses ☐ (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Yoho

Check all of the following that apply:

Open Session ☒

Electronically Recorded (taped) ☐

Executive (closed) Session ☐

Stenographic Record ☐

Televised ☐

TITLE OF HEARING:

Asia's Diplomatic and Security Structure: Planning U.S. Engagement

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Yoho, Rep. Perry

Rep. Sherman, Rep. Bera

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

(If "no", please list below and include title, agency, department, or organization.)

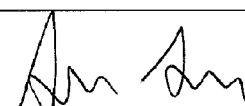
STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

QFR - Wagner

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 3:45 pm


Subcommittee Staff Associate

Questions for the Record

Congresswoman Ann Wagner

AP Subcommittee Hearing: "Asia's Diplomatic and Security Structure: Planning U.S. Engagement"
May 23, 2018

1. Dr. Searight, as co-chair of the ASEAN Caucus, I'd like to ask you about the South China Sea dispute—an issue that still figures prominently in the U.S.-ASEAN relationship. ASEAN countries are right to remain worried. They occupy a stretch of strategically important water bridging the Pacific and Indian oceans that China has militarized in defiance of international law. In fact, China landed long-range bombers in the South China Sea for the first time two days ago and shows no signs of slowing its push to extend its power projection capabilities in Southeast Asia.

To what degree is the Department of Defense continuing the U.S.-ASEAN Maritime Security Initiative to help ASEAN states counter Chinese aggression in the South China Sea?

The Department of Defense launched the Southeast Asia Maritime Security Initiative (MSI) in 2016 as a capacity building program to enhance maritime security and maritime domain awareness capabilities in Southeast Asia. The original five-year, \$425 million initiative focused on five littoral ASEAN states -- Indonesia, Malaysia, the Philippines, Thailand and Vietnam -- along with some more limited assistance for Singapore, Brunei and Taiwan. The program offered equipment and training to these states to improve their abilities to address a range of maritime challenges, including China's growing assertiveness in the South China Sea. A key goal of MSI has been to build a shared maritime domain awareness architecture that will help countries share information, identify potential threats, and work collaboratively to address common challenges.

In July 2018, the NDAA re-authorized the Southeast Asia MSI -- rebranded as the Indo-Pacific Maritime Security Initiative -- through 2025. The new initiative expands eligible countries to include Bangladesh, India, and Sri Lanka as recipients for MSI support, although the priority countries will likely remain the South China Sea littoral states. The longer time horizon will be helpful in planning the Pentagon's efforts for sustained, long-term acquisition, training and human capital efforts to improve capabilities that require time to pay off. However, House Appropriators cut the Southeast Asia Maritime Security Initiative in half from \$100 million to \$48.8 million. The set MSI dollar amount allocation is still being debated in Congress as of August 2018.

The Department of Defense and State are currently in discussion with individual Southeast Asian countries on which programs to support as parts of the MSI as well as the new \$300 million package of security assistance to the Indo Pacific region announced earlier this month by Secretary Pompeo, which will largely be expanded Foreign Military Financing (\$290 million of the \$300 million package). Pentagon and State Department officials have indicated that they will continue to prioritize programs that will help build maritime security capacity and maritime domain awareness for Southeast Asian countries.

2. It is my understanding that ASEAN sees itself as a neutral bloc with the ability to diffuse tensions between China and the United States. ASEAN may stand to gain much from this arrangement now, but will it be able to retain this role if Sino-U.S. competition grows more hostile?

ASEAN was founded in the 1960s as both an anticommunist bloc but also as a regional grouping that stood in solidarity against being drawn into superpower rivalry, and those roots to this day give ASEAN a strong inclination towards neutrality in the growing competition between the United States and China. Most states within ASEAN have strong economic ties to China, but they also welcome a robust economic and security presence by the United States. ASEAN's convening power, in part based on its stated neutrality and interest in managing great power relations, gives it a primary role in shaping regional dynamics and outcomes.

And yet ASEAN is a bloc of ten-member countries that are remarkably diverse in culture and demography, levels of development, and security challenges. Each have quite different relationships with the United States and China, and they make their own alignment, balancing, and hedging decisions based on their own national interests. Within ASEAN of course there are two treaty allies to the United States – the Philippines and Thailand; a strong strategic partner in Singapore; and growing strategic cooperation between the United States and Vietnam, Indonesia, and Malaysia. On the other side, Cambodia and Laos are much closer to China in terms of economic and security cooperation, and to some extent this holds true for Brunei and Myanmar.

ASEAN's requirement of consensus leads to lowest common denominator positions on important regional matters, and this opens the door for China to seek to disrupt ASEAN unity on key issues like the South China Sea. By peeling off ASEAN members, in particular Cambodia and Laos, from supporting unified ASEAN positions on matters related to the South China Sea, China has been able to weaken ASEAN's relevance and its ability to play the role of neutral arbiter. Meanwhile, countries like Vietnam, and at times Malaysia, Singapore, and Indonesia, will continue to push ASEAN to take a stronger collective stance on South China Sea issues, and will resist efforts by China to dominate the region economically and strategically on its own terms.

The shifting strength of ASEAN unity and voice is an ever-evolving dynamic as countries go through leadership transitions that bring new priorities, and as the region continues to eye China's actions and strategic intentions warily. The recent revelations of Malaysia's newly elected government led by Prime Minister Mahathir regarding China's unfavorable financing of massive Belt and Road Initiative projects under the previous regime have added to regional concerns about the nature of China's bid for regional economic leadership. It is an opportune time for the United States to embrace ASEAN centrality, and engage individual member states, with an eye towards boosting their ability to act as a bulwark against Chinese dominance.



Questions for the Record

Congresswoman Ann Wagner

AP Subcommittee Hearing: “Asia’s Diplomatic and Security Structure: Planning U.S. Engagement”

May 23, 2018

1. Dr. Pande, Nepal has served as a buffer state between China and India but has drawn closer to China in the last few years. Will vanishing buffer zones between China and India, coupled with longstanding border disputes in the Himalayas, leach India’s ability to act as a regional power?
 - a. Has U.S.-Japanese-Indian collaboration on infrastructure projects in Nepal slowed its slide towards Beijing?

Congresswoman Wagner, India’s relationship with Nepal, as with all its immediate South Asian neighbors, is an old historical, cultural, economic and strategic one. Delhi has long viewed India’s neighbors as its first line of security without adequately realizing that managing a sphere of influence is not only a function of telling others what to do but being able to expend resources that deny space to competitors. This has changed in recent years and India has not only increased its economic assistance to Nepal but, unlike China, Delhi has sought to ensure that its assistance and investment in Nepal aligns with the priorities and requirements of the Nepalese.

India does face a challenge with the deepening Chinese presence, and massive amounts of money that Beijing is expending through the Belt and Road Initiative (BRI) in South Asia. Not only has India upped its game but along with Tokyo and Washington, Delhi hopes to create a counter architecture to contain the Chinese march.

In April 2018, India, US and Japan announced that they would collaborate on infrastructure projects in three countries of South and South East Asia – Bangladesh, Nepal and Myanmar. India will help with the development of ports, Japan with building industrial parks and the US will focus on building power plants. Results are already visible with Bangladesh seeking Japanese assistance for some of its infrastructure projects and Nepal turning to India for building its hydroelectric power plants.



Questions for the Record

Congresswoman Ann Wagner

AP Subcommittee Hearing: "Asia's Diplomatic and Security Structure: Planning U.S.
Engagement"

May 23, 2018

1. Dr. Swaine, you've been an outspoken critic of the Free and Open Indo-Pacific strategy. While I understand why the United States may not want to back China into a corner, I'm not convinced it's wise to write off closer relations with India, Japan, and Australia. What sort of alignment structure would you like to see the United States pursue?

I am certainly not writing off closer relations with India, Japan, and Australia. We should remain particularly close to our allies Japan and Australia. India is more inclined to accept closer relations with the US, at present, but in my opinion, New Delhi will always want to remain more independent from the US than either Tokyo or Sydney and to retain reasonably good relations with Beijing. The US is currently moving in the opposite direction, i.e. toward an adversarial relationship with Beijing. Indeed, my objection to the Free and Open Indo-Pacific strategy is that it is founded on an essentially adversarial, largely zero-sum posture toward China, a relationship we should not and cannot afford to pursue, politically, diplomatically, and financially. What is the alternative? We need to get smarter about creating both positive and negative incentives for Beijing to work with Washington and its allies to create a more stable Asia as China's power continues to grow, and to create a more equitable and durable economic relationship. This will require a US reassessment of the TransPacific Partnership (TPP) and a partial renegotiation of the WTO to create institutions that serve both US and Chinese interests more fully (in the latter case) and to exert gradually increasing pressure on Beijing to become more open and rules-oriented (in the former case). The current "beggar-thy-neighbor" bilateral, and punitive approach adopted by the Trump Administration is self-defeating, especially in the long run.

Secondly, the USG needs to have a genuinely serious, non-polemical, interests-based dialogue with Beijing on the future strategic environment in the Asia-Pacific. The Obama Administration began such a low-profile dialogue near the end of its term, but of course Trump did not follow through, given his hugely erroneous obsession with trade deficits. In my view, any such dialogue should aim at creating the conditions for a stable balance of power, a genuine balance of power, in Asia and a reasonably amicable one (to the extent possible), between the US and its allies and China. I have written at length about these conditions, that include a transition by both sides toward a more defense-oriented, denial force posture, and a range of understandings on Asia's hot button regional issues, including Taiwan, Korea, maritime disputes, and military activities. My argument can be found in my essay *Beyond American Predominance*, and in my Carnegie report *Creating a Stable Asia*. Your staff can easily locate them on the Carnegie Endowment's web site. Despite the current "worse casing" climate in Washington, this view is not unique to myself. Other individuals with deep policy experience and knowledge of China have endorsed at least the basics of it.

But none of this can happen if the United States continues to close itself off from serious reassessments of existing economic institutions and from a recognition that the 70 plus years of

American predominance in the Western Pacific is coming to an end. We need a better strategy than simply to ally with other democracies to counter China's so-called "revisionist world view" and to double-down on defense spending in a largely futile effort to stay well ahead of China militarily in Asia. These countries will not fully endorse such a strategy, and less so other countries in Asia. We are moving toward forcing Asian countries to choose sides, which they will mightily resist.